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# South and East Asia Report

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## SOUTH AND EAST ASIA REPORT

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TEXT OF GENERAL ERSHAD'S 20 JUN TELEVISION INTERVIEW

Dacca THE BANGLADESH OBSERVER in English 24 Jun 82 pp 3, 7

[Text] The following is the English rendering of the T.V. interview given by the Chief Martial Law Administrator, Lt Gen Hussain Mohammad Ershad in its special programme "Mukhomukhi" telecast on Sunday night, reports BSS.

Introduction: March 24, 1982--On this day a new government came to power through proclamation of Martial Law in the country. It is quite natural that during the last few months various questions may crop up in the minds of the people about this government. Why a Government like this has come? What this Government has been doing? What is the objective of this Government?

Today we have got an opportunity to interview the Chief Martial Law Administrator, Lt Gen Hussain Mohammad Ershad. It is hoped that it would be possible to discuss many important questions today.

Question: Lt Gen Ershad, in the very beginning I like to thank you on behalf of the Bangladesh Television for providing this opportunity to interview you. First of all the question which comes to our mind is that the people of Bangladesh had come under Martial Law Administration a number of times in the past. Was the present Martial Law administration at all necessary? Was there no alternative before you but to promulgate the Martial Law?

Answer: At the outset I want to thank you (interviewer) and your colleagues for taking my interview. Naturally this question that was prevailing in the minds of the people and I think this question is very important. But before I answer this question, I would request you to look back to the political situation that was prevailing in the country after the death of President Zia. The country was heading towards a dangerous situation. Seventy-five or more political parties were there in the country. In almost all the political parties, big or small, internal dissension and rivalry and struggle for power reached such a stage that sharp divisions among the leadership of these political parties started surfacing. All of you know that the ruling party BNP won the November election by capitalising on the image of late President Ziaur Rahman. The people of the country used to respect President Zia. They made the BNP victorious in the election as an expression of their respect for him (Zia). But what was the internal condition of this ruling

party at that time? During the rule of this regime, the people witnessed unprecedented corruption.

Question: When such a state of affairs was prevailing, then why you, i.e., the Armed Forces, did not take over the administration of the country before the election?

#### Political Framework

Answer: No, we did not like to do so. We wanted that a political framework should be there in the country. We have tried to the last in that direction. I know you yourself (interviewer) as well as all the countrymen are aware of these things. Different quarters have requested me many times to promulgate Martial Law. But we had unflinching faith in the political system and as a result we did not pay heed to such requests. We believed that the problems of the country should be solved politically. We requested the President time and again to bring about improvement in the prevailing situation to save the country. But that did not bring any result. The high-handedness of the opportunist class was at its peak at that time. The rate of crime of different nature went on rising. And why do not this should increase? When a people's representative could provide shelter to a heinous murderer at his own residence then everything was possible. Then came our last effort. I met the President on February 11 last. I requested him to improve the situation quickly and to stop the deterioration. I requested him to dissolve the large cabinet and to replace the same with a smaller and capable one with new faces and to remove the corrupt elements from the cabinet and to punish the miscreants. On the other hand, the economy of the country was on the verge of collapse. Capital investment in the country came to a standstill after the death of President Zia. The prices of food and other essential commodities had been increasing incredibly. I am giving you a small example here. Immediately after the promulgation of Martial Law I instituted an enquiry commission to go into the affairs of banking sector.

Its report has recently reached me and I would like to read out some portion from the report.

Advance of loans: The amount which would never be refunded is about Taka one crore sixty three lakh.

Amount outstanding: Taka 1,104 crore.

Outstanding loans from financial institutions: Taka 1,366 crore.

Banks have incurred a loss of Taka five crore eighty six lakh due to fraudulence and forgery in 1981. Besides this, we have not yet received the details of other losses. It is only the preliminary report.

Now you can see to what extent the chaos had spread. You have asked whether the Martial Law was absolutely necessary. I shall say yes, to save the country and to secure the future of the nation. It would not have been possible to arrest the fast deteriorating situation without this rule of law.

But the political government in the past failed to take many emergency measures due to their corruption, indecision and dependence.

### Great Anarchy

A great anarchy was prevailing in the administration system of the country. Nothing tangible for the improvement of the administration could be done because of the pressures of the ruling political parties on various occasions. Fake industrialists were being given licence and permits because they used to contribute towards the funds of the political parties. Miscreants working as touts of political parties created a reign of terror in the society. The parties in power actually used to appease these people. That is why whatever political party that could come to power was not able to bring about any change. On the other hand, finding no outlet for remedy, the poor people were silently accepting all those wrong doings and injustices.

In fact, there was no way out from this situation than the imposition of Martial Law. Failure in the political field, lootings, chaos and corruption had shaken the very foundation of the country. Now each and every soldier, mindful of their responsibility of safeguarding the nation were working ceaselessly for the implementation of Martial Law administration. We did not snatch away the responsibility of running the affairs of the state. The people of the country hailed the imposition of Martial Law. The imposition of Martial Law was very logical, cogent and natural in the light of prevailing situation at that time. There was no alternative opened before the nation which the country could have been saved from utter destruction.

Question: There are many countries of the world where the military chiefs could prepare plan for capturing power after being dissatisfied with the civilian administration, say in Europe and America. Why are the Generals not going to the Westminster or Capital Hill to capture power? Then why did it become necessary here?

Answer: No, they are not doing that. But we have delved deep to find out the reasons. In England and America, a framework for political rules accepted by all was in practice for a long time. This framework is the democratic functioning of the state. But what had happened so far in our country is the opposite of this democratic practice and mentality. If any party could come to power, it used to think they are the one who should stay and that none else be there. As a consequence of this mentality of clinging to power they (parties) either became the victims of all sorts of dirty intrigues or they themselves get immersed in it. Although they were forced to hold elections but those in power did not hesitate to use elections illegally for their own selfish purpose. In the past, many a government remained in power by holding farcical elections, a fact which you know better than me. There are many instances of use of force at the polling booths and putting votes in the ballot boxes of the ruling party. This misbehaviour could not be conceived in the developed countries of the world. If you analyse the history of our country you will find that no political party have ever left power voluntarily. But they do not try to understand the very simple fact that it is not possible to stay in power without popular support.

Let me give you an illuminating example. President Zia had great popular support behind him. That is why the tiny group that had conspired to capture power by killing President Zia was wired out within three days. The people of the country were in favour of the Government at that time.

You are speaking about America. An American president was forced out of power there by two journalists by bringing up the charge of telephone tapping against him. That is why the armed forces has no reason to intervene in those countries.

One of the great failures of the political parties in our country is that they could not build up any such institution in which the people of the country could have unstinted respect and confidence. The constitution that a party gives after coming to power is scrapped by another party later. That is how uncertainty prevailed in the political field in the country. When a political party after totally losing popular support indulges in conspiracy in order to cling to power, there remains no alternative but to impose Martial Law to bring about their downfall.

24th March in Bangladesh is the repetition of the same history.

Question: You have said that this Martial Law regime is different from the previous Martial Law regimes. How is that so?

Answer: You see, the Martial Law is usually imposed as a temporary measure. Say for example the civilian Government fails to take any measure in any area due to widespread rioting and entrust the army to bring the situation under control, a Martial Law is then imposed for a temporary period for the purpose in the past Martial Law regimes in the country were more or less like this. They had no long-term objectives.

The present Government is determined to bring about a revolutionary change in the country--the changes that would ensure the future of this country. This Government is going to introduce permanent measures so that the people do not suffer as victims of dishonest policies again and again. The present Government is determined to take the country towards progress by bringing about a change in the economic and social structure. In my opinion, the permanent changes that this regime are thinking about would distinguish it from other Martial Law governments in the past.

Question: Another question arises in this connection. It concerns basic policy. The Armed Forces are now become directly involved in politics. If it is considered proper for the armed forces to be involved in politics, then how far a soldier could go into politics?

Answer: To give answer to your question on the history of the birth of Bangladesh and the Liberation War has to be looked into. There is history behind the birth of the Armed Forces of every country.



What is the history of the Bangladesh Armed Forces? Bangladesh is the name of a political definition and this force came into being with the responsibility of giving a reality to Bangladesh. When this force was entrusted with the political responsibility of creation of Bangladesh on the world map during the Liberation War and each and every soldier discharged the responsibility with unparalleled courage and self-sacrifice.

Did anybody at that time raise any question whether a soldier should get entangled with politics? At that time the brave soldiers of this force were engaged in translating the hopes and aspirations of Bangladesh into reality and they fought to ensure food and cloth. These were the political aims.

So when after 11 years the expectations of the people of this country remain unfulfilled, the present and future of the nation was at stake due to inefficiency and corruption. At that time the patriotic Armed Forces of the country naturally came into the scene as they once participated in the war to fight the enemy. Besides, there could be a wrong impression in the minds of the people about the duty of the Armed Forces and I think it should be removed.

The basic responsibility of the Armed Forces is to protect the country from the hands of both internal and external enemies. Most unfortunately this is true that the country was at stake due to conspiracy of internal enemies. To save the country from the attack of internal enemies is a military responsibility and the Armed Forces was ready to perform it.

If you want to say by coming forward to discharge this responsibility was involvement in politics, you can say so. But we will describe it as a patriotic and historical responsibility.

Question: Presently a part of the Armed Forces has directly come to the administrative jobs. As such has not the capability of the army been affected?

Answer: No, not at all. Through discharging Martial Law duties our soldiers are performing their own task. By the grace of the Almighty they are performing their onerous responsibility very nicely.

Question: Now I am asking you a question on a very important matter. That is about corruption. In our country corruption is all pervasive. Corruption is noticed from the upper strata to the lower level. How far your government has succeeded in continuing corruption during the last few months.

Answer: You have correctly diagnosed the disease. The disease named corruption is all pervasive in our society. If you want to know by number how many corrupt people we have arrested and put on trial or tried and punished in that case at this moment it will be difficult to answer. It is necessary to give exemplary punishment to a man guilty of corruption so that the rate of offence comes down. But punishment will undoubtedly minimise the disease named corruption but it cannot be totally eliminated. We have to go to the

rot of corruption. Corruption is a symptom of a moth-eaten society. The social system which has given birth to corruption has to be uprooted.

Only in that case corruption could be contained, otherwise not. People from all strata will then learn to hate corruption. We have to launch ahead against corruption through combination of punishment and social changes.

Question: A number of people from among those who were known as big and influential businessmen and industrialists in the country are being charged with the act of increasing personal wealth through dishonest and corrupt means. As a result panic has been created in the upper strata of the business circle. It is feared that this circle will engage themselves in different kinds of anti-government propaganda. They have already started different kinds of propaganda which may create confusion in the minds of people. How would you tackle this kind of propaganda?

Answer: That is why I am having this discussion with you so frankly. You see, there are many examples in history that when anybody wants to do any good work one has to face a hostile situation. You are apprehending this. But I know different false propaganda about the activities of this government has already started to create confusion in the minds of people. But I will request you to assess the problem in depth. Who are carrying out this propaganda whose interest are affected? Those who have been enjoying facilities unduly and since they cannot enjoy those any more they have become angry.

I cite an example. Fourteen hundred years ago Hazrat Ali (R) Caliph of Islam instructed Malik Bin-Ashtab, Governor of Egypt, in a letter said "remember Malik that this group of the prominent few constitute the scum of human society. They are the people who in times of prosperity proved to be the greatest burden on the state. In times of need and distress they will be the least helpful. They hate equity and justice most. In the demands on the resources of the state they are most persistent. They will never be satisfied with generosity bestowed. They will prove most ungrateful to all the favours and the demands are justifiably refused. They will be most unwilling and slowest to accept the reasons. When time and fortune changes, you will never find them patient and staunch in faith. They are the constant drain on the resources of the society.

Lust for more privileges by this wealthy class will never cease. All good work will be criticised and opposed by them. I think the social corruption that had been prevailing fourteen hundred years ago as mentioned, are similarly rampant in the circumstances of Bangladesh today. Mis-propaganda has, in the meantime, started. The other day a British journalist, Mr Trevor Fishlock informed us (at this stage a part of Fishlock's report in the London Times was shown on the TV screen. That part of the report said: "Some people believe they would rather be part of India just to be in a democracy. You can now understand the level of mental perversion of these corrupt people. Serious deviation has taken place in their thinking. These people will now try so that we cannot do anything good for the country.

Majority of the people in the country desire a change and a revolutionary change at that, so that they could be freed from their miseries. All of you should help our government to resist all efforts of these conspirators.

Question: Efforts are afoot to modernise the country's administration. For example, your Government has planned to introduce new type of decentralised administration centering on the thana administration. What fruitful result may appear to the teeming millions due to this measure?

Answer: It is a matter of deep regret that in our country the majority of the population who live in the villages never easily get the benefit of the city-based administrative system. It is like carrying water in a strainer with innumerable holes. Similarly, nothing from Dacca can reach the villages with the help of the administration "strainer." There are so many examples that the poor peasants have fallen into miseries due to the administrative failure. A person has been involved in litigation since last twenty-four years and hearings in the case took place [word indistinct] hundred times. Now you realise the extent of miseries the poor peasant has suffered. When a common villager comes to a town he immediately falls in the trap of a tout there. We have taken measures to reach the central administration to the doorstep of the villagers by taking it to the thana level. A responsible, capable and humane administration which will remain committed to the people is extremely necessary at this juncture of the country, as I think. That is why we have undertaken measures for the decentralisation of the administration.

Question: With regard to the industrial development, whether your government is laying stress on the private or the public sector? And why?

Answer: We want to follow mixed economy as our policy in the country. Those who think of economic development in our country singularly through the public theoreticians, they have least accountance with the real situation.

Public sector corporations have incurred losses worth crores of Taka in the past due to incapability, dishonesty and lack of planning. We have seen in the name of nationalisation some top-heavy organisations have been created. We are determined to completely remove the existing extreme anarchy in some of the public sector industrial concerns. Let energetic businessmen and industrialists come forward to develop the country. We greet the honest, industrious and responsible persons to come in the industrial sector. You yourselves prove that businessmen and industrialists of this country are industrious and responsible. I know it for certain that the greater business community in the country have had no connection with the dishonesty of a handful of persons. Some of the Asian countries, such as Singapore, Malaysia, Indonesia, and South Korea are rapidly emerging as industrially developed country from the state of industrial backwardness. The other day I read in the papers that within the next few years South Korea will be able to compete in some industrial sectors with that of developed Japan. Whereas South Korea had been poverty-stricken and backward like other Asian countries, why can't we then do it?

I firmly believe, if all of us try together as one then inshallah within the next ten years Bangladesh shall be able to rise up in pride in the community of nations as an industrially developed country. Common people of our country are the most laborious people in the world. I think the industrialists, together with the government, must come forward to utilise the people. [As published]

Question: What is your policy in respect of the students and the youths and why your policy are different from that of the erstwhile government in solving the problems of the students?

Answer: Students and the youths are the principal strength of a country. They are the resources, the pride and the future. Appropriately educated youth force are the future leaders. Those who are receiving education today at schools, colleges and universities run at the expense of the tax-paying poor people of the country and are indebted to the entire nation. Their main responsibility is to receive education well. Our country is a very poor one. It may never be possible to create ideal atmosphere in all respects due to financial reasons. Still then government of this poor country will try its utmost to remove most of the problems of the students. I too know the greater section of our student and youth communities are quite aware what is their main responsibility in this poor country.

But what has happened in the past? We have seen different coteries have committed sacrilege in the educational sanctuaries in various manners. In the garb of student politics, student community had been rendered confused and frustrated due to anarchy, indiscipline indulged in by some anti-social elements on the campus. Damage has seem caused to the country. Teachers had been intimidated, examination halls had been entered by those with brandishing knives, gun-shootings took place on the campuses and women students were attacked and girls were insulted.

You tell me is it the way of preparation of ideal men for the country?

(Incomplete)

Student Politics

You tell me why any woman is afraid to walk alone through the university area after dusk?

Some miscreants and non-student youths masquerading as students had utilised the honesty of general students for their own petty interest acting as agents of some of the political parties.

From our experience, it can be said that the student fronts of different political parties had let the muscle men of the party move freely in the various campuses of the country. They could scare the general students in different ways. A number of such students have already been arrested and are being tried. They are being punished according to law so that nobody can try to pollute the educational institutions.

The difference in our outlook regarding the students and youths is because that we want the best students to come forward and think about the country's politics. The student politics is never guided by the goondas any more in the country. The educational institutions should have fair politics for making the country's politics constructive.

You can see that those who had befooled the students in the name of politics had sent their sons and relatives abroad for higher studies and had told innocent students "you are the future of the country" and then they had handed over guns, pistols and stenguns to them and made them murderers, tyrants, dacoits and highjackers. We will not allow this any more. The students cannot be misguided. We will not allow any educational institution of the country to become the war field of grenade-slinging in the name of student politics.

#### Womenfolk

Question: Women constitute 50 percent of our population. What importance are you attaching to their development?

Answer: Look. President Zia had done many commendable jobs for the welfare of the womenfolk. We believe that the women of our society could be utilised in a proper way so that they can take a greater part in the national uplift. If you project the village scene in your mind you will find that cutting the paddy is the work of the farmer. After the paddy is brought in the woman in the household of the farmer does the entire work from husking to boiling then drying and storing it.

After that she finishes every work of the household and goes to sleep at dead of night after sending everybody to sleep. We have seen our mothers do so. If we can make them literate and reach the light of civilisation then I think we can make them contribute a greater share in the national uplift.

Question: What are you thinking about the urban women?

Answer: The Government has already provided many facilities to the urban women. We are thinking to do more in the future. We have invited the women to compete at the BCS administrative competitive examination to be held in October next. If they can compete in the examination successfully then why they will not become D.C.S.D.O. We have seen them doing it abroad; our womenfolk have that power and ability.

#### Food Situation

Question: What is the country's food situation now?

Answer: I shall say it is satisfactory. But six people had died from starvation at two villages of Khulna on the March 24 when we assumed power. I will say one thing about the food situation. I shall say it with great grief. It is just like the cow of the Quazi. It is on paper but not in the

cow shed. There was plenty of food according to many people. But in reality there was no food in the godowns. We have tried a lot, appealed to many foreign governments. I shall like to say with delight that they have responded to our call, and we have received aid from everybody and with that we could overcome the food crisis. There is no chance of food crisis if the next harvest of Aman is good and plus the food stock we have at the moment.

We have marked that the food price went very high before this government came into power and now it has come to a stable position.

Question: You believe that this stability could be maintained?

Answer: Surely you have seen everybody expected that we will catch hold of the wholesalers and stockists after the Martial Law government came and punish them but we did not do that. We have kept open market sale which is the normal principle of marketing. We did not interfere in the marketing. We have tried to regularise the food distribution system. We have made arrangements so that food can be easily transported from the outside districts where there were stocks of food to the food deficient areas. As a result the price of food gradually came down which had been going up.

Lot of Masses

Question: Do you think it possible to ameliorate the lot of the peasantry without effecting land reform?

Answer: No, it is not possible. Land reforms became necessary for us for a long time. Moreover, retention of old land administration system will not be helpful for augmenting production in the land which is under pressure as a result of population growth. The genuine peasants have been losing land under the pressure of poverty. There are many peasants in villages whose lands are very little compared to the number of the members of their families. Besides, many have no land. I consider this situation as an impediment in the way of stepping up production. We have chalked out a programme on land entitlement and you will hear an announcement on it very shortly.

The government is contemplating cultivation of land on collective method and cooperative basis. The people of the country will be enlightened about it in future.

Question: When the democratic process will be restored in the country.

Answer: I have already told the people that we have undertaken some programmes. I think our responsibility will end when these programmes will be executed properly. But this will depend on the people. I think we may be able to accomplish our task in two years.

Democracy

Question: Democracy has failed again and again in our country. Yet we are wanting democracy and telling that it is a necessity. What you have been thinking about democracy and how you are looking at it?

Answer: Democracy has not failed. What has failed is the imitation of foreign politics. Look at Japan, Singapore and South Korea. These countries have built up their national politics in their own interest. We have not been able to formulate any industrial policy in the country. We have not been able to achieve any political progress. It is because we could not introduce politics that is suitable to the time and our needs and which could carry the country forward. I look at democracy as such a state structure that will take Bangladesh on to the road to secured progress.

Question: What in your view should be the role of the Bangladesh Armed Forces?

Answer: Bangladesh very much lacks in administrative, organisational, technological and engineering skill. Bangladesh Armed Forces are rich in these skills, hence it will be logical to use the patriotic armed forces in the matter for reorganising the country as a unified, united and powerful nation. Moreover, the Armed Forces can work as a balancing factor in social and political fields.

We want a bridge of affinity to be built up between the people and the Armed Forces. You know, having been obsessed by foreign ideology we have always thought that the Armed Forces would be kept in a state of exile from the mainstream of the masses. This is the rule, this is the tradition. We have never thought whose rule and tradition are these?

How much the countrymen know today about their armed forces? Yet the armed forces have been raised with the boys of this country. Like other citizens a soldier thinks about the country and feels hurt at the failure of politics of the country. Is it wrong on the part of the soldiers to think for the country and feel sorry? No, not at all.

Take the case of Chittagong Hill Tracts. What is happening there? How many soldiers have shed their blood there for you? How much the people know about their sacrifice? We have flung open the door of understanding between the soldiers and the people. This way a united nation can press ahead and build itself up.

Question: I shall now ask you some personal questions. In which places you have personal property and how much are these worth?

Answer: When I was a Lieutenant in the army in 1955 we were given some lands in the border area from the army. I was then allotted 20 acres--60 bighas of land for cultivation. I am cultivating that land now. Another person was also given 20 acres--60 bighas of land adjacent to mine. Together we two cultivate 120 bighas where we have sunk a deep tubewell. I earn one lakh to one and a half lakh Taka from there annually. I usually grow sugarcane in that land.

Question: Are you very much interested in agriculture personally?



Answer: I have attached priority to agriculture as I am interested in this sector. From my own experience I have realised that there should be no shortage of food in the country if we can provide water and fertilizer regularly. You know how fertile is our land. Besides, I inherited from my father some land--a little less than a bigha in Rangpur and in 1980 DIT allotted me a plot at Gulshan. Of course I got the plot after trying for about thirty years. I have constructed a house there.

Question: You must be a very busy man. Now you have become busier. Do you make some time to spend for recreation like studying or reading books or something like that?

Answer: You should remember one thing--that we soldiers have to study always because we have to know and learn the employment, tactical employment, strategic deployment of the modern equipment and sophisticated equipment that are coming up with the passing of days. For this each and every soldier and officer have to study for some time every day. I have to study for an hour or two after midnight every day.

Question: Which subject interests you most other than military affairs?

Answer: That has to be studies, of course. Besides, I love to read the biographies of the great leaders of the country. I read their biographies attentively to get some lessons from their lives. I also like to read poems and as you know I was fond of composing poems and I have the habit even now.

Question: You are very much interested in games and sports from your student life. Which are your favourite games?

Answer: Yes. I am interested in games and sports from my student life. I used to play football in my college days and during the early years of my army career, I was a member of the army football team. I also like to play tennis. Now I play golf. I can play a little of every game but I play tennis and golf more these days.

Question: Now I like to ask you a personal question which I believe many people would be interested to know. As a soldier as it is your profession, you certainly love song. What types of songs you like?

Answer: You know, we all in Bangladesh love songs. I personally like Nazrul Geety and Rabindra Sangeet more.

Question: Whenever you get time, you listen to songs. Does listening to songs--has become your main pasttime?

Answer: Yes. See I have arrangements of listening to music and songs here. I love to listen to songs. I listen to songs sitting in the living room or the drawing room whenever I can make the time and specially during the time between saying my morning prayer and going to office.



Question: Another question, the last one on personal matters. Did you ever think when you were a minor or in your youth that you would reach the position where you are now in the national life?

Answer: You see, the greatest ambition of a soldier's life is to become Chief of the Army Staff and we work with that aim in view, but we are Muslims and we believe in Allah. So we express our gratitude to Allah if this dream comes true, all praises to him.

CSO: 4220/7556

ERSHAD ADDRESSES BANGLADESH COMMUNITY IN LONDON

Dacca THE BANGLADESH TIMES in English 17 Jun 82 p 1

[Text] London, June 16--The Chief Martial Law Administrator, Lt Gen H.M. Ershad has said that measures were being taken to streamline the administration with a view to taking it more closer to the people, reports BSS.

Addressing the Bangladesh community at the Islamic Centre here yesterday the CMLA said that under the proposed administrative system, the administration would be decentralised making the thana as the focal point of all government and development activities.

He said that process had been initiated to suitably amend and change the outdated laws inherited from colonial days. Gen Ershad said that the government had launched austerity drive to minimise unproductive expenditures which was rampant in the past regime and added, as a result of the drive, much of the unnecessary expenditures had already been cut down.

The CMLA referred to squandering of several crores of Taka by the nationalised banks and said that the corporate and the nationalised sectors were also being reorganised and streamlined to make those more efficient.

Gen Ershad told the meeting that the main objective of the present government was to improve the condition of the common people and associate them actively with the process of nation building activities.

He said the highest priority attached by the present government is to ensure two square meals to the common man.

About the circumstances under which Martial Law was proclaimed, the CMLA said that rampant corruption and maladministration of the past government made the life of the people of Bangladesh intolerable causing much suffering to them.

Gen Ershad said that before the changeover, the number of Ministers had swelled to 42 and despite repeated public demands, corrupt Ministers were not removed from the cabinet.

The CMLA said that the situation had climaxed to such a stage that a Minister of the past government gave shelter to a killer at his official residence. The food situation had so much aggravated before the proclamation of Martial Law that if the "ineffective government was not changed at the time, the situation would have gone out of control."

CSO: 4220/7544

PRESS REPORTS ERSHAD'S VISIT TO UNITED NATIONS

Meeting With Secretary General, Others

Dacca THE BANGLADESH OBSERVER in English 19 Jun 82 pp 1, 8

[Text] June 18--Lt General H.M. Ershad, Chief Martial Law Administrator, had a meeting yesterday with UN Secretary General Mr Javier Perez de-Cuellar at the UN reports BSS.

Warmly congratulating the CMIA for his speech, Mr Cuellar said the concrete proposals made by the Bangladesh leader for complete disarmament would be a source of inspiration to the participants of the special session.

The Secretary General hoped that the special session would lead to some "concrete results."

The CMIA thanked the Secretary-General for the courtesies extended to him.

They also discussed UN-Bangladesh cooperation.

The Secretary General referred to the fall in multilateral aid and said he would do everything possible to reverse the trend against multilateral aid affecting UNDP projects.

The Secretary General said he had great feeling for Bangladesh and recalled his visit there in February last year accompanying the then Secretary General Mr Kurt Waldheim.

The CMIA said Bangladesh valued UN cooperation.

The CMIA referred to the measures already taken by his government to tackle economic problems facing Bangladesh.

They discussed the international situation particularly the developments in Lebanon and South Asia region.

They expressed concern at the prevailing situation in Lebanon. The Secretary General said that presence of UN peace keeping force in Lebanon was essential.

They expressed the view that solution of the Palestinian problem and upholding the rights of self-determination of the Palestinians were the only way of resolving the Middle East situation.

The Secretary General also hosted a reception in honour of the Bangladesh leader.

Present at the meeting were Foreign Minister Mr A.R. Shamsud Doha, Principal Staff Officer to the CMLA Major General Mozammel Hussain and Acting Permanent Representative of Bangladesh to UN Mr Farooq Sobhan, Director General of International Cooperation of UN Mr Jean Repert, UN Under secretaries General Mr Bi Jilong, Mr Brian Urquhart and Mr Akashi.

The CMLA was warmly applauded in the General Assembly as he made his disarmament address.

Foreign Ministers, Permanent Representatives and heads of delegations congratulated the CMLA on the General Assembly floor after the speech.

Later the CMLA was taken round the UN complex by the Chief of Protocol of United Nations.

Meets Kittani

BSS adds: The Chief Martial Law Administrator Lt Gen H.M. Ershad at a meeting yesterday with UN General Assembly President Mr Ismat Kittani discussed matters of mutual interest. They discussed international situations with particular reference to Iran-Iraq conflict and the Middle East situation. Members of entourage of the CMLA were also present at the meeting held in the office room of the UN General Assembly President.

Mojosov

The Chief Martial Law Administrator Lt General H.M. Ershad and the Yugoslav Foreign Minister Mr Lazar Mojsov discussed matters of mutual interest.

The Yugoslav Foreign Minister said his country wanted to substantially increase its trade and economic cooperation with developing countries.

He said Yugoslavia and Bangladesh enjoyed excellent relations and hoped trade and economic cooperation between the two countries would increase. They exchanged non-aligned matters.

### Meeting With South Asian Envoys

Dacca THE NEW NATION in English 20 Jun 82 pp 1, 8

[Text] New York, June 19 (BSS)--Chief Martial Law Administrator Lt General H.M. Ershad had "informal discussions" with the South Asian envoys to the United Nations at his hotel suite here yesterday.

Foreign Minister Mr A.R. Shams-Ud-Doha and Acting Permanent Representative of Bangladesh to the U.N. Mr Farooq Sobhan were also present at the meeting.

A Bangladesh spokesman later told BSS that they discussed cooperation among the countries of South Asia for which Bangladesh took initiative.

They also discussed future activities of the Group of 77 and situation in the region.

The South Asian envoys who called on the CMLA at his suite included Mr M. Krishnan, Permanent Representative of India, Mr Om Pradhan, Permanent Representative of Bhutan and Mr Benjamin Xonseka, Permanent Representative of Sri Lanka and Mr Khalid Mahmud, Charge d'Affaire of Pakistan and Mr Yadav Silwal, Charge d'Affaire of Nepal.

#### Visits Bangladesh Mission

The report adds: Lt General H.M. Ershad yesterday visited the Bangladesh permanent mission to the United Nations here.

The CMLA went round the mission office; addressing the officers of the mission he called for hard work in the interest of increasing Bangladesh role in the international arena.

The CMLA said he was happy that Bangladesh was well represented and made a mark at the UN.

He said everyone should work harder for a greater projection of the country.

Foreign Minister Mr A.R. Shams-Ud-Doha and Major General Mozammel Hussain, Principal Staff Officer to the CMLA accompanied Gen Ershad.

Mr Farooq Sobhan, Acting Permanent Representative of Bangladesh to the UN received the CMLA at the mission.

CSO: 4220/7547

TEXT OF ERSHAD SPEECH TO UN DISARMAMENT SESSION

Dacca THE BANGLADESH OBSERVER in English 18 Jun 82 pp 1, 16

[Text] Chief Martial Law Administrator Lt Gen H.M. Ershad today launched an appeal to all nations particularly to more powerful states, to display self-restraint and moderation and to enter into serious negotiations on disarmament, reports BSS.

The comprehensive plan of disarmament is the linchpin of "our disarmament efforts," he said, adding immediate steps for the world leaders should be to resolve to ban all nuclear tests, chemical and biological weapons, and to freeze and reduce military budgets and also to transfer resources, thus released, for development purposes..

Addressing the second special session of the UN General Assembly on Disarmament, General Ershad pointed out that disarmament depended on the mutual understanding among the major powers and stressed that tensions and threats to peace must be removed.

The CMLA told the Special General Assembly session that the three major challenges to mankind's continued progress and eventual survival were the arms race, underdevelopment and unlawful use of force for solving international disputes.

On arms race, General Ershad called for putting an end to the continuing escalation of the arms race to ensure peace and security that would preserve our planet for succeeding generations. He referred to present stock of weaponry which can destroy the civilisation many times over and said, "We must, therefore, strive towards the goal of achieving total and complete disarmament with nuclear disarmament as our immediate and central objective."

General Ershad said that the problems of disarmament were complex and as such "they warrant the attention of leaders invested with the highest responsibilities."

The CMLA reiterated that Bangladesh's policy on disarmament was based on its constitutional commitment according to which "we are wedded to the concept of general and complete disarmament." He spoke of Bangladesh's readiness to take concrete and tangible actions in the appropriate context and said it

was our "total dedication to the cause of general and complete disarmament" that led us to accede to the non-proliferation treaty.

General Ershad however, expressed "dismay and distress" that despite over 100 member states having acceded to the treaty, nuclear proliferation, both vertical and horizontal, "continues unabated."

The Bangladesh leader urged the UN special session to adopt a 15-point "programme of action" on disarmament and said that given the necessary political will the priorities enumerated in the programme are not beyond the possibility of realization. He said: "Let us therefore pledge that this special session this distinguished gathering of the world leaders of vision would make a point of departure: let this be a springboard for launching us on to our projected rendezvous with history."

The programme of action proposed by the CMLA includes a complete prohibition on the use of force as a means of settling disputes; a joint or individual declaration by the nuclear weapon states not to use such weapons, commitment by all states to refrain from testing nuclear weapons pending conclusion of the comprehensive test ban treaty, total freeze on production, development, deployment and research of nuclear weapons, provision for negative security, guarantee by nuclear states for non-nuclear weapon and neutral countries and stoppage of indiscriminate arms sale.

Referring to the importance attached by Bangladesh on the Second Special Session on Disarmament General Ershad said that he had come all the way from Dacca "to share with this august assembly our growing concern about the very survival of the human race." He earnestly hoped that he would be able to take back with him at least a ray of hope that the present generation of human race shall eventually witness a triumph of rationality.

The CMLA reiterated Bangladesh's firm conviction to the principles of peaceful and negotiated settlement of all international problems and referred to the amicable settlement of the problem of over 200,000 refugees who came to Bangladesh from Burma in 1978.

He said that his country was constantly pursuing her efforts towards peaceful and negotiated settlement of outstanding problems with other neighbours. He pointed out that Bangladesh's relentless efforts toward evolution of a framework for regional cooperation would lead to promotion of confidence-building among the countries in the South Asian region.

CSO: 4220/7545



BANGLADESH

ERSHAD TALKS TO PRESS ON RETURN FROM NEW YORK

Dacca THE BANGLADESH OBSERVER in English 24 Jun 82 p 1

[Text] The Chief Martial Law Administrator, Lt Gen H.M. Ershad, returned home on Wednesday concluding his 10-day visit to the UN headquarters and London.

Talking to newsmen at Zia International Airport, the CMLA termed his visit as "extremely fruitful." He also expressed satisfaction over his discussions with US President Ronald Reagan, British Prime Minister Mrs Margaret Thatcher and Soviet Foreign Minister Andrei Gromyko.

The CMLA said that during his brief meeting at the UN headquarters, President Reagan had assured him of continued US help to Bangladesh. He said President Reagan normally does not meet any Head of State or Government at the UN headquarters but "for me he made a departure in this regard and agreed to meet me there and I thank him for his gesture to me." The brief meeting with the US President, he said, was more to be acquainted with each other. He said that he had informed President Reagan about the situation in Bangladesh.

Terming his discussions with the Soviet Foreign Minister Andrei Gromyko as "fruitful" the CMLA hoped that the actions between the Soviet Union and Bangladesh would be strengthened further. He said that the Soviet Foreign Minister had invited his Bangladesh Counterpart, Mr A.R.S. Doha to visit Moscow.

The CMLA who had one hour discussion with the British Prime Minister Mrs Margaret Thatcher in London, said that Britain would give all-out assistance to Bangladesh. The British Premier he added, assured all help and assistance and wished him all success.

He said that during his discussions with the Bangladeshi nationals in Britain he was informed about the various problems the Bangladeshi nationals were facing there. These problems would be taken up with the appropriate authority he said.

Talking about his address to the UN Special Assembly on disarmament the CMLA said that he had placed a 15-point programme on the subject. He proposed to divert a portion of the huge amount now being spent by the developed countries on arms for the development and welfare of the developing and poor nations who are fighting against hunger, poverty and diseases. He said that his address was well appreciated by the UN members and 71 heads of delegations had thanked him for the bold stand Bangladesh took on disarmament.

In the UN headquarters the CMLA met the UN Secretary-General and the President of the UN Assembly. He also had discussions with other leaders attending the UN special session on disarmament.

The CMLA said that Bangladesh had sent a medical team to Lebanon and by this Bangladesh had reiterated her steadfast support to the Palestinians and the Arab cause.

In reply to a question he said that his Government was giving financial help to the stranded Bangladeshis in Lebanon now.

The CMLA said that during his visit to the UN Headquarters and London he was interviewed by Newsweek, The New York Times and The Economist. He said that from the interviewers he came to know that the Bangladesh embassies were yet to project the country properly. Turning to his Foreign Minister Mr A.R.S. Doha who was sitting beside him, the CMLA said that order had been given to make the embassies more active.

At the airport the CMLA was received by Deputy Chief Martial Law Administrator Rear Admiral M.A. Khan and Deputy Chief Martial Law Administrator Air Vice Marshal Sultan Mahmud, members of the Council of Ministers, heads of diplomatic missions and high-ranking civil and military officials.

CSO: 4220/7554

CORRESPONDENT WRITES ON POSSIBILITY OF IMF AID

Dacca HOLIDAY in English 20 Jun 82 pp 1, 8

[Article by Hossain Khasru]

[Text] While uncertainties still hang around the possibilities of Bangladesh obtaining the IMF's assistance in the form of Extended Fund Facilities (EFF) and Supplementary Financing Facility (SFF) under the earlier agreement of 1980, the prospects for getting IMF's support under the Food Import Facility seems to be bright now.

Assistance under the Fund's Food Import Facility which is one of the several stand-by IMF support facilities for the member-countries is given to those members in the event of excessive pressure on their external payments' account due to food imports.

Reliable sources told this correspondent that the IMF team which left Dacca on June 8 after completing about a fortnight's appraisal mission in the country had indicated to the concerned authorities about the prospects for the Fund's support operations for Bangladesh in the food import sector.

The quantum of assistance under this facility is likely to be sized at the level of two hundred percent of the country's quota with the Fund.

The final decision on IMF's assistance under this particular head of facility will depend on further follow-up action on both sides.

The five-member appraisal team from the IMF which was incidentally the third one visiting the country during Fiscal 1981-82 had several rounds of discussions with the officials of different ministries including those of Bangladesh Bank in Dacca.

The discussions as usual covered the areas of interest in a Third World country like Bangladesh to the IMF.

The areas were: import programming, export performance, exchange rate adjustment process, balance of payments situation, monetary and credit policy, interest rate, fiscal strategy with particular reference to efforts to contain deficit financing and curtail subsidies particularly in the consumption sectors, efficiency of public corporate bodies and development priorities.

According to official circles, the appraisal by the IMF team was not an "unusual" thing. It was carried out under the normal practice of "Exchange Rate Policy Surveillance Operation" stipulated under clause IV of the Fund's articles of association as amended in April, '78.

But what makes the appraisal exercises by the IMF experts to "unusual" for Bangladesh is the continuing reluctance of the Fund authorities in resuming its assistance to the country under both EFF and SFF.

So far three teams of IMF experts have visited Dacca in 1981-82 to evaluate operations within the economy in the light of the Fund's performance criteria and conditionalities.

#### Reluctance

Apparently the teams were not satisfied with the establishment's efforts to "streamline" the economy in accordance with the Fund's prescription. Thus the Fund authorities had held back disbursement of any funds under EFF and SFF since July '81.

Meanwhile, Bangladesh got an IMF support worth 60 million SDR under the compensatory financing facilities (CFF). The CFF support is given by the Fund to member countries hit hard by falling export prices in the international markets.

Under the agreement signed between IMF and Bangladesh in December '80 the former was to give the latter an amount of 800 million SDR, one half of which is in the form of EFF and the other half in SFF over a period of three years through quarterly instalments.

After disbursements of 220 million SDRs in equal proportions under EFF and SFF till June '81, the withdrawals of any further funds under EFF and SFF were kept suspended for the country.

The Fund's EFF and SFF operations are meant to offer support to the member countries in effecting structural adjustments in their balance of payments' difficulties.

While the EFF is operated out of the IMF's own general resources carrying an interest of 6.25 percent per annum, the SFF is extended from the Fund's borrowed funds carrying an annual interest rate of 13 percent.

Sources told this correspondent that the IMF appraisal team which left Dacca on June 8 had not signalled anything about the Fund's resumption of EFF and SFF to Bangladesh under the agreement of 1980.

Some doubts meanwhile persist as to whether the 1980 agreement with the IMF for EFF and SFF support remains valid now or the country will have to approach afresh the Fund authorities to reactivate the EFF-SFF operations under a renewed agreement.

CSO: 4220/7550

TEXT OF 'HOLIDAY' INTERVIEW WITH ENERGY MINISTER

Dacca HOLIDAY in English 20 Jun 82 pp 1, 3

[Interview with Air Vice Marshal Sultan Mahmud, Deputy Chief Martial Law Administrator, by Jaglul Alam]

[Text] Deputy Chief Martial Law Administrator Air Vice Marshal Sultan Mahmud gave an exclusive interview to HOLIDAY, excerpt from which were printed in our last issue. In this issue we are printing the full text of the interview.--Ed

Q: Is the government thinking of using gas other than as fuel, like as raw material for industrial production or for petrochemical production, etc? If so, how soon will it be done?

A: Yes. It would be only natural to think of using gas not only as fuel but also as feed stock for fertilizer, PVC, methanol or manufacturing any other petrochemical products.

Gas is already being supplied as feed stock for manufacturing of urea fertilizer in three fertilizer factories at Fenchuganj, Ghorasal and Ashuganj. Three more urea factories in the final phase of planning will also use gas as feed stock.

At present 45 percent of the total gas consumption in the country is used as raw material for urea production, of which Fenchuganj uses 20 MMcfd, Ashuganj 45 MMcfd and Ghorasal 38 MMcfd. Presently our total gas consumption is about 230 MMcfd.

I am sure you are aware that gas-based projects are highly capital intensive. Therefore, availability of foreign collaboration either as joint venture or aid is very important for undertaking as such projects.

Q: What steps are being taken to use gas so that fuel import bill is decreased?

A: If you infer in any manner about what steps might have been taken by the previous governments, I shall prefer not to dwell on it, but what I can assure you of is that we are fully aware of the yoke of our fuel import bill,

the credit account for which has over the years accumulated to an approximate amount of Tk. 525 (five hundred and twenty-five) crore and the controlling corporation has to bear a payment of about Tk. 100 crore interest. The enormity of its impact cannot but be a concern for any government. The effect of the measures that can be taken will require a considerable time to make a mark on our economy.

Our prime objective in this sphere would be evolved around our knowledge of the proven reserves and a co-relation of care and prudence in the blending of our immediate economic needs and a rationale of the foreseeable developing programs that would necessitate the use of gas. What has to be undertaken first is to maximize gas production and then develop a strategy for its optional use in consonance with the developing programs. I believe this should adduce our way of approach to the problem. I am afraid there are no quick-time measures.

One of the main uses of gas is as raw material for commercial energy production. Of the total commercial energy consumed in the country, natural gas contributes about 41 percent, imported oil about 52 percent, for which annually the country would spend about 1300 crores of taka which is about 80 percent of the total export earnings for the year.

At present 49 percent of the total gas consumption is used for fuel. By 1984-85 the use may rise to 67 percent. The savings in fuel import would be then about 32 lakh tons in oil equivalent, amounting to 2300 crore takas at today's price. With a view to increase the use of gas in the rural areas, increased production of LPG and multiple use of CNG as substitutes of kerosene and diesel are also being seriously considered.

Q: Has there been any study done about how much actual gas reserve we have and how long will it last?

A: If you allow me, there is no such thing as "actual" gas reserve. Expert use the terminology like "proven," "probable," "possible" and "recoverable" reserve.

A number of studies were undertaken between 1968-80 by various local and foreign consultants. But these studies show a wide variation in the estimated gas reserves. They range between 4.2 trillion cubic feet to 19.5 trillion cubic feet. However, the proven gas reserve in the 12 gas fields discovered so far is estimated to be about 11 trillion cubic feet.

A comprehensive appraisal of almost all gas fields would be necessary to collate proven/recoverable reserve figure.

The length of time for which our present known reserve of 11 TCF would last will depend primarily on the rate of use of gas in our development programs.

Q: What are the prospects of oil discovery in Bangladesh?

A: Here you are stepping on an extremely sensitive topic. Exploration of oil and gas is highly capital intensive and risky because of their uncertain

occurrence and often deep underground locations, etc., no matter how tempting the speculations. Providence seems to play an important role in its discovery. Supporting the thesis that reserves are the result function of exploration, it may be justifiable to mention that since a large part of Bangladesh is yet to be surveyed, it is likely that future exploration may uncover the "wish."

Q: Has there been any positive indication of existence of oil reserves?

A: I have a hunch, you are gradually cutting the cake thinner.

Experts opine that Bangladesh, at least part of it, is gas prone zone. And there is a possibility of striking oil, too. So far Harargaj structure has "Oil Show" and Patharia structure has "Oil Seepage." Such interesting geological structures need to be further explored and drilled, as you may appreciate.

Q: At times there has been talk of selling gas to India. What is the present thinking on this question?

A: This question may be answered in the context of possible export of gas in one form or the other. Identification of the optional export choices of gas would depend on projects that maximize net benefit to Bangladesh. Government is studying various options available with us at present.

#### Power Supply

Q: People continuously complain of insufficient and erratic power supply both for domestic and industrial purposes. What are the causes and what measures are being taken to remedy this situation?

A: Yes, I couldn't but more readily agree with you. When I visit the Old Town areas of Dacca and the industrial areas of Tongi, not mentioning the countryside, it's a marvel of today's technology to see the network of electric lines on the distribution pillars, and wonder, not just "where" but that the electricity at all passes through the "maze of wirings." The reasons for insufficient and erratic power supply are many and they have been accumulating over the years. Let me deal with just a few of the major ones:

(a) Inadequate firm generation capacity: With an installed capacity of 562 megawatts and 295 megawatts, the Power Development Board is operating with an inadequate firm generation capacity of 366 megawatts in the eastern zone and 118 megawatts in the western zone. Whereas the peak demand is 450 megawatts in the eastern and 146 megawatts in the western zone.

In order to improve the generation situation, PDB has undertaken programs to rehabilitate the existing power plants and early completion of the under-construction projects. The underconstruction plants are 90 megawatts Ashuganj gas turbine, 60 megawatts Chittagong power station, and 110 megawatts Khulna power station.

To improve power generation in the western zone, top priority is being given to the completion of the East-West Interconnector project by the end of 1982 so that power can be transmitted from the east to the west zone.

(b) Overloading of distribution network: Sometimes consumers instal power-consuming appliances and motors without taking permission from the local electric supply and this causes overloading of distribution lines and distribution transformers. This ultimately results in interruption of power supply.

To arrest the situation, the government is arranging relocation of the transformers at different places and replacement of the existing transformers by transformers of higher capacity where necessary. Government is also making physical inspection to check unauthorized connections and at the same time planning to instal protective devices to protect the service connections against overloading.

(c) Inadequate design, safety measures, operation and maintenance of the distribution system: Design and planning are the core of any project. In the cities like Dacca where distribution lines are somewhat better designed, the maintenance has been far from satisfactory.

Operation of the power generation and distribution system has become difficult due to an unmatched system. This unmatched system is the outcome of different systems and equipment procured from different sources according to availability of foreign aids and loans. If design and maintenance are improved, I believe the disruption will be considerably reduced.

(d) Lack of alternate source of power supply: Due to lack of duplicate power supply system in case of failure, the supply remains suspended till the cause of the failure is located and cleared. To improve the situation Government is installing duplicate sources of power supply in the big cities so that it can be restored through alternate feeder quickly.

(e) Lack of spare parts and experienced manpower: Due to shortage in revenue, the Power Development Board could not procure adequate spare parts that are necessary for maintenance of the system. However, the government is giving due importance to timely procurement of spare parts.

(f) Some of the other main reasons are: Overloading of transformers in grid-sub stations; delay in execution of power distribution projects; shortage of experienced and trained manpower; lack of properly equipped breakdown vans; deficiency in protection of power system; theft of materials; illegal service connections and stormy weather.

Q: Why are most of the projects taken up for production, transmission and distribution of power being delayed in implementation?

A: Project implementation in the power sector is delayed due to a number of factors. Most of the projects are implemented with foreign collaboration and quite often are subject to both local and foreign constraints.



The local factors are shortage of local currency, lack of project management, skill and sometimes official procedures in the government departments in decisionmaking and releasing of funds.

The foreign factors are mainly delay in getting suitable foreign assistance and delay in manufacturing and supply of foreign equipment by the supplier.

Q: What measures have been taken to supply adequate power to the western zone of the country?

A: For augmentation of power supply to the western zone we have undertaken a number of programs like:

- (a) The East-West Interconnector to be completed by the end of 1982.
- (b) Setting up of new power stations such as the 110 megawatt Khulna power station, 56 megawatt barge mounted unit and the 10.5 megawatt gas turbine unit.
- (c) Rehabilitation of the old units, such as the 60 megawatt Khulna unit and the 60 megawatt Bheramara gas turbine.
- (d) Construction of transmission lines from Bheramara to Barisal, via Faridpur, from Ishurdi to Shahjadpur, and from Natore to Rajshahi.
- (e) Procurement exercise for a 25 megawatt generator in Barisal is in the final phase.

Q: The industrial consumers argue that enhancement in tariff on electricity has been threatening small and cottage industries. What do you think of that?

A: Per unit price of electricity charged to the consumers in Bangladesh is relatively lower compared to other countries. This is because the PDB is heavily subsidized by the government. The fraction of production cost due to electricity bill is usually small (5-10 percent). The industrial consumers who are vocal about any increase of tariff are highly subsidized.

These industries are commercial organizations. As such, if prices of other commodities have to at times increase, including the prices of the products of these industries, there is no reason why electricity industry should continue to suffer loss in order to subsidize others.

While efforts are underway to improve the administration and maintenance to reduce the high system loss of the PDB, I think it may be fair to bring to the knowledge of the consumers that the previous government had, in view of the enormous amount of accumulated loss of PDB approved the increase of tariff. However, an extensive study has been done to arrive at a pragmatic equation of levying the charges on the domestic sector, charitable institutes, small and major industries. Affording capabilities of a consumer and commercial incentives, I am sure have been well considered.

CSO: 4220/7550

REPORT ON FINANCE MINISTER'S TELEVISION INTERVIEW

Dacca THE BANGLADESH TIMES in English 23 Jun 82 pp 1, 8

[Text] The Minister for Finance and Planning, Mr A.M.A. Muhith on Tuesday night called for a stern austerity programme backed by efforts of the "entire nation" to face the current economic situation in the country, reports BSS.

In a television interview the Minister explained the present economic conditions and suggested remedial measures that include containing inflation, expansion and mobilisation of domestic resources and qualitative change in investment.

Global Shock

Mr Muhith said it was urgently necessary to be "realistic and act pragmatically." We should tailor our aspirations keeping in mind the need of serious tightening of the belt. The contradiction between ambition and objective reality must be removed, he stressed.

The Minister said the present economic situation was characterised by low productivity, limited employment opportunity, inflation and inadequate and misdirected investment. The people are "prepared to suffer the shared sacrifices" to face the situation.

Mr Muhith said the present economic situation mainly stemmed from the country's refusal to adjust to the changing circumstances followed by the second global economic "shock" of 1979 and the economy was in deep recession.

The aid flow during this period, he said, stagnated and exports receipts fell, but expenditure levels were not accordingly cut. In the last two years the country lost one billion dollars of purchasing power capacity, he added.

Mr Muhith said the refusal to adjust to the realities following the global shock resulted in budget deficit some five to seven hundred crores in the two years. Losses of public enterprises spiralled and this year it is likely to be 500 crore Taka.

The subsidies in various public goods, he added, continued and as a result there had been liquidity expansion leading to highest inflation. This year it is likely to rise to 18 percent, six percent more than that of last year.

Referring to the state of investment, he said in real terms it went down and there had been very little qualitative change in the investment. Investment in infrastructure had been at the rate of 65 percent and rest went to productive sector.

#### Growth Rate

Referring to the grim economic situation the Minister said the growth rate this year was likely to be less than even one percent. We have to be "very cautious" to face the challenge an uphill task.

The Minister thought the economic conditions of the country suggest that very careful planning and dedicated efforts were necessary for at least 20 years for the nation to "reach a reasonable level of economic welfare."

During this period, he added, the country would require concessional economic assistance from abroad. The problems were well-known and except in some limited areas the solution can also be found without disagreement. But problem lies in implementation of the solutions prescribed.

The Minister stressed the need for execution of the solutions prescribed. In the past good plan documents were produced but "we have failed to implement those." We have made the soft options in preference to the difficult ones.

Mr Muhith regretted "we have not cared for the reality that covers all the 90 million of the privileged class." The soft options exercised in past two years has brought us to the brink."

#### Remedies

Replying to a question Mr Muhith said remedy of the current situation lay in attacking in three different directions.

Firstly, he said inflation must be contained which he added, would call for budget-balancing and avoidance of losses.

Secondly, he said since the foreign aid was not so plentiful the availability of domestic resources must be expanded.

Finally, the investment, he suggested should undergo a qualitative change and it should be expanded through higher domestic savings.

The finance Minister admitted that there was a general awareness about the onset of the recession beginning in 1979 but the country, he said, as a whole failed to take steps to meet the challenge.

The administration and the government entrusted with the responsibility for giving guidance to the economy failed to do so and so did the public opinion and the leaders of the public opinion.

#### Domestic Resources

Speaking about raising domestic resources, he indicated that there were some success despite various failures during the past ten years. The level of foodgrain production during the period increased by 30 lakh tons. Even, he said, during the current year production of crop was not so good. It was expected to be 141 lakh tons as against 148 lakh tons last year. The previous best records of crop production was 135 lakh tons.

#### Agri Income

Mr Muhith said in an average the agriculture had registered a growth in the last ten years but savings had not been generated by this sector. He suggested that a part of the increased agricultural income should be secured for investment.

He pointed out that only 14 to 20 percent of the population above the poverty line had the capacity to generate savings. It was possible to obtain more resource savings from this source, he added.

Replying to a question Mr Muhith said immediate result could not be expected in the area of reduction of inflation. He said rationalisation of prices would have some impact on the general price situation. But avoidance of subsidy will make it possible to contain liquidity expansion.

The Finance Minister pointed out that at present subsidy was being given at the rate of Tk 35 per maund to fertilizer, Tk 70 per maund to rice and Tk 35 per maund to wheat. Petroleum products which are being imported entirely is sold at half the price which entails a loss of 50 percent per gallon.

Similarly, Mr Muhith said the loss to the per unit of electricity was now about 50 to 60 paisa. In addition, he said the road transport railways, jute and textile corporations were all suffering losses. "In fact, only a limited items of public enterprises were making profits and breaking even," he added.

The Finance Minister pointed out that the country needed a "stern austerity programme." This was not simply a reduction in the administrative expenditure but it was an "effort by the entire nation and particularly the privileged classes essentially the city dwellers" the people were "prepared to meet" the situation and had "courage to suffer the shared sacrifice" he added.

CSO: 4220/7552

INDUSTRIAL INVESTMENT IN 5-YEAR PLAN 'DISAPPOINTING'

Dacca THE NEW NATION in English 23 Jun 82 p 1

[Text] Industrial investment during the last one and a half year under the Second Five-Year Plan has depicted rather a disappointing picture as the utilization was around 30 percent of the provision earmarked in the plan.

According to a performance report, the priority sectors received much less response while the non-priority sectors had eight times more investment causing setback to the objectives of the plan.

The review report said the investors were not "inclined" to invest in the basic manufacturing industries. Rather, they showed their interest in the service industries.

For the period, a total of 2250 industrial units were sanctioned by the Government in 12 sectors with 144 sub-sectors. The total investment allocated against these units was about Taka 942 crore with foreign exchange component of about Taka 369 crore.

Despite allocations made for the industrial units, the real investment during the period would be much less and is estimated to be not more than 30 percent.

Besides, investment climate experienced overutilisation of the physical and monetary provision specially on non-priority sectors, not only for the period under review but also in some cases over the whole plan period. This, the departure of the investors and the loan giving agencies of the Government virtually expedited the social catastrophe as implied in the low productivity and the low employment opportunity.

The resultant fall in the contribution of manufacturing sector will have a devastating effect on the economic growth of the country. On the other hand overall industrial investment sets a glaring instance of poor maintenance of the debt equity ratio which also implies that investors portfolio were not duly maintained.

In different industrial sectors of the 12 major groups non-priority sectors received maximum response from the investors. The performance report shows that physical and monetary investment sanctioned about eight times more in some sectors. The service sector seems to be the attraction of investment.

On the contrary, basic manufacturing sector failed to utilise its physical and monetary provision. Similar is the case with various industries under food and allied sector and pharmaceuticals.

In the service sector, hotel, motel and restaurants, cinemas and film studios, artificial jewelry and related articles, musical instruments, toys including mechanical ones, television receiver sets and other components and wheat, grain milling, etc., both monetary and physical provision for 1980-82 and over the whole plan period were exceeded.

CSO: 4220/7553

FIRST COMMERCIAL BANK IN BANGLADESH OPENS IN DACCA

Dacca THE BANGLADESH OBSERVER in English 19 Jun 82 pp 1, 8

[Text] Arab Bangladesh Bank, country's first commercial bank in the private sector was opened in Dacca on Friday reports BSS.

Inaugurating the bank the first joint venture project in the banking sector, the Minister for Finance and Planning Mr A.M.A. Muhith expressed the hope that it (private banking) would "release individual initiative and energies in the promotion of savings, investment and trade and establish new standard in banking service."

He said although the decision to allow private banks to function was taken two years ago ABB was the first among the nine proposals to start operation.

The finance minister called upon the new private bank to take up innovative approach and initiative in offering non-conventional credit facilities to small industry and non-farm activities for attacking the rural poverty, an area where government has already started moving.

The inaugural function was addressed among others by Mr A.S.F. Rahman, Director of the bank, Mr Abdur Rahim-bin-Ibrahim Galadari, Chairman of Dubai Bank of the UAE and partner of the joint project and Mr Hafizul Islam, Managing Director of the Bank. Governor of Bangladesh Bank, heads of different financial institutions and members of the business community attended the function.

Giving a brief review of the performances of the country's banking system which till today were fully nationalised, the Finance Minister said although these banks (nationalised banks) have succeeded in taking the banking services to the remote areas through the expansion of 4500 branches yet it is true that the social service concern has infringed on the profitability criterion rather heavily." Mr Muhith stressed that "it is time for consolidation."

The Finance Minister emphasised the urgent need of "balancing resource availability with expenditure plan of the country" and said we "intend to overcome" the past deficiencies of the performances of the nationalised commercial banks. He hoped the standard of service delivery to be attained by private banking will greatly help in fixing government targets.

Referring to the international banking which was undergoing serious strains during the recent years because of the recycling of surplus financial resources and other factors, Mr Muhith said banks alone cannot solve the crisis and needed the helping hand of the government and international compact.

The director of the bank, Mr Gahman, said the development of private sector banking would augment resources for the all-round economic development of the country and hoped that this joint venture would certainly encourage others from home and Arab countries to look for cooperation in other areas of economic activities.

The Chairman of Dubai Bank, Mr Galadari, said the establishment of ABB was a "gesture of friendship between Bangladesh and UAE Arab world and Muslim countries." He said this was the beginning of the many fruitful joint venture projects that would come up in future benefiting the business community and people of Bangladesh and Arab world.

CSO: 4220/7547



BANGLADESH

IDA GRANTS \$400 MILLION FOR RURAL ELECTRIFICATION

Dacca THE BANGLADESH OBSERVER in English 18 Jun 82 p 1

[Text] The International Development Association (IDA) has given a credit of 40 million U.S. dollars to the Bangladesh Rural Electrification Board for the expansion of electricity in the rural areas of Bangladesh.

A World Bank Press release issued on Thursday said that the credit will support the second phase of the Bangladesh government's rural electrification programme and will finance the expansion and distribution networks in seven cooperatives (Palli Biddvut Samity) near Dacca Farid pur Noakhali, Chittagong, Khulna, Barisal and Kushtia.

The Rural Electrification Board which was created in 1977 will implement the 64.5 million dollar project. The Board will transfer assets of each completed scheme on the basis of loan to each of the seven rural electrification cooperatives to be established under the project.

Project works to be carried out over the next six years will include the installation of new distribution networks in the seven selected areas and the rehabilitation of limited existing distribution system to integrate them into the new system.

Each electrification cooperative called Palli Biddvut Samity will be responsible for load promotion, organisation of sign-up campaigns for consumers and hiring of its own staff.

The IDA credit is for 50 years including 10 years of grace. It carries no interest but bears a small annual charge of 0.5 percent on the undisbursed balances of the credit and 0.7 percent on the disbursed balances.

CSO: 4220/7545

FOREIGN INVESTORS IN DACCA TO STUDY POSSIBILITIES

Dacca THE NEW NATION in English 19 Jun 82 pp 1, 8

[Text] A number of foreign entrepreneurs are now in Dacca exploring the possibility of their participation in management and production of industries both in public and private sectors.

Some of them are learnt to have already met the Minister of Industries and commerce, Mr Shafiul Azam and discussed the prospect of their investment.

It is understood that the foreign entrepreneurs are invested more in participating in the management of the existing industries than setting up new enterprises immediately. They appear to be encouraged by the Government decision to give away management control of the Machine Tools Factory, General Electric and Manufacturing plant and Chittagong Steel Mills. They prefer entering into similar management contracts of some public sector concerns including those in jute and textile sector.

The entrepreneurs who are in the city are from Pakistan, UK, USA and Singapore. They are learnt to have also made officials of the Industries Ministry to know the details of the Government's new Industrial policy and facilities to foreign investors for investment in Bangladesh.

All the foreign entrepreneurs are believed to have shown keen interest in the provision of the industrial policy which said "foreign investment will continue to receive due consideration and Government would welcome foreign participation in joint ventures on mutually beneficial terms and conditions. Foreign investment will be encouraged specially in existing public and private sector enterprises where an injection of foreign capital or technology will mean an increase in productivity and an improvement in the product."

The foreign entrepreneurs are understood to have been trying to convince the authorities that their participation in the existing industries in the public sector, which are sustaining loss would largely improve the situation.

But the local entrepreneurs vehemently oppose the idea. They said the Government should not give away the management of the industries to foreign entrepreneurs where local expertise and technology are available.

CSO: 4220/7548

BANGLADESH

NORWAY GRANTS AID FOR LIGHT, COTTAGE INDUSTRIES

Dacca THE BANGLADESH OBSERVER in English 20 Jun 82 pp 1, 12

[Text] Norway will provide Bangladesh a grant of Norwegian Kroner 20 million (approximately Taka 6 crore) for financing small and cottage industries under an agreement signed in Dacca on Saturday, reports BSS.

According to PID handout, Norwegian Kroner 10 million will be utilised for financing of a revolving fund called the refinancing fund for small and cottage industries in the Bangladesh Bank and remaining 10 million Kroner will be utilised for the establishment of a revolving fund for small-scale industries in the Bangladesh Krishi Bank called the District Development Fund.

The agreement was signed by Mr M. Mahiuddin, Section Chief (Joint Secretary) External Resources Division, Ministry of Finance and Planning and Mr Rolv Hultin, Resident Representative of the Norwegian Agency for International Development (NORAD) on behalf of their respective government.

The refinancing fund aims at extending financial support for trained persons under the Ministry of Youth Development and Women's Affairs and other skilled persons to help in the rehabilitation through development of cottage industries.

The District Development Fund will enable BKB in extending long and medium term loans on concessionary terms for the growth of small scale industry in rural areas.

Norway will also provide personnel to assist in the implementation of the agreement and the costs thereof will be borne by that country, in addition to the grant.

They also signed agreed minutes on the conclusion of mid-term discussions on Norwegian assistance for 1982 held in Dacca from June 14 to June 17.

CSO: 4220/7549

EXCLUSIVE INTERVIEW WITH AGRICULTURE MINISTER SUMMARIZED

Dacca THE BANGLADESH OBSERVER in English 24 Jun 82 p 1

[Text] The government has launched a medium term foodgrain production programme to reap a harvest of 155 lakh tons by 1982-83, Agriculture Minister Mr A.Z.M. Obaidullah Khan said in Dacca on Wednesday.

In an exclusive interview with the BSS, Mr Khan said that the main thrust of the medium term foodgrain production had been given on the extension of irrigation facilities of 72 lakh acres of land.

Side by side attempts would be made to provide intensive production package of High Yielding Variety seeds, fertilizers, pest management and credit in the irrigated areas, he added.

The Agriculture Minister said appropriate marketing and price policy would be followed to promote efficient utilisation of modern inputs and to achieve desired production target of different agricultural crops.

Mr Khan said with irrigation facilities to 11 percent of the total 3.2 crore acres of arable land, Bangladesh produced 141 lakh tons of foodgrains during the current year.

With the extension of irrigation facilities to 72 lakh acres, the percentage of irrigated area in the country would stand at nearly 30 percent, the Agriculture Minister added. At present irrigation covers 36 lakh acres land.

He said that 80 percent of the irrigation facilities under the medium term foodgrain production would be derived from small irrigation programmes like sinking shallow tubewells and deep tubewells.

He said 25,000 shallow tubewells had so far been fielded. He said with 25,000 shallow tubewells already fielded, government sold another 25,000 shallow tubewells during the current year. Another 30,000 tubewells would be sold among the interested farmers by next year.

The Agriculture Minister hoped that by the year 1984-85 one lakh shallow tubewells would be fielded in different parts of the country.

The number of deep tubewells that have already been fielded stands at 12 000, Mr Khan said, and added that 4,000 more deep tubewells would be fielded during the current year.

Moreover, the government had planned to procure another 4,000 deep tubewells under a World Bank credit. He said Kuwait Development Fund and the Asian Development Bank were also providing assistance to increase the irrigation facilities for boosting foodgrain production.

The number of lowlift pumps would also be increased to 86,000 from the existing 41,000, the Minister said.

Besides, the irrigation projects under Bangladesh Water Development Board would also be completed during the current season and attempts would be made to implement the Mirsarar project at Chittagong and Haor areas of Jessore district, he added.

Replying to a question, Mr Obaidullah Khan listed financial constraints as the major problems of modern farming in the country and added that the government would launch a medium term credit programme within the next few months.

He said Bangladesh Bank would take the responsibility of distributing medium term loans to the genuine farmers through its affiliated banks. In this connection, the Minister said that the World Bank had already committed 45 million dollars for the procurement of shallow tubewells.

Replying to another question the Agriculture Minister said that the deep tubewells would be distributed through Farmers' Cooperative Societies whereas shallow tubewells would be sold both to individuals and cooperatives.

Regarding the smooth distribution of fertilizer, the second most important factor for boosting production, the Minister said government would engage distributors at thana level in the private sector.

Regarding the distribution of quality seeds, the Agriculture Minister said as for paddy seeds Bangladesh is self-sufficient but for wheat it would take some more years to evolve quality seeds.

He, however, said government would procure wheat seeds from West Germany and EEC countries. He said India would provide 5,000 tons of wheat seeds under EEC programme and the United States would also provide wheat seeds to the tune of 3,000 tons.

The Agriculture Minister said government had also taken intensive programme for jute cultivation.

Referring to the better harvesting of potato cultivation during the current season, he said government is trying to export potato.

Replying to another question the Agriculture Minister said that the idea of voluntary canal digging programme launched by late President Ziaur Rahman was good and suggested that each canal project must be executed according to specification. "Canal digging is good but it must be scientific," he added.

TRIAL OF FORMER FINANCE MINISTER OPENS

Dacca THE BANGLADESH TIMES in English 25 Jun 82 pp 1, 8

[Text] The five-member Special Martial Law Tribunal No 2 headed by Colonel A.B.M. Elias on Thursday began the trial of former Finance Minister Mr Saifur Rahman on charges of corruption and abuse of official position under Regulation II of MLR I of 1982 reports BSS.

The Chairman of the Tribunal read out the charges to Mr Saifur Rahman who pleaded not guilty.

Mr Saifur Rahman has been charged with obtaining through corrupt or illegal means or through abuse of his official position, pecuniary advantages either for himself or for others to the tune of Taka 28,92,900.19 and thus causing prejudice to the economic or financial interest of the state.

According to the prosecution case, during his tenure of office as Minister/ Adviser Mr Saifur Rahman exempted M/s. Gulbarg Briha Nirman Samabay Samity Ltd from payment of stamp duty amounting to Tk. 21,99,510 ignoring objections of the Ministry of Finance and also the laws on stamp duties, Mr Saifur Rahman compelled the Managing Director of Pubali Bank to advance a loan of Tk. 5 lakh to Hotel Anurag of Sylhet town although such loans were not admissible under the normal rules of the nationalised commercial banks. Mr Saifur Rahman also obtained vehicles from various banks and corporations for the use of the members of his family and others in addition to the whole time transport provided by the Government Transport Pool and thus caused a loss of Tk. 1,93,390.19 to the organisations concerned as cost of fuel, maintenance and driver's salary, etc.

The Tribunal will start hearing the case on Monday (June 28, 1982).

The prosecution case is being conducted by Special Public Prosecutor Mr Ashrafuddin Ahmed and Assistant Special Public Prosecutor Mr A.S.M. Obaidul Huq. A team of lawyers including senior advocate Mr Abdul Malek is appearing for the defence.

CSO: 4220/7555

BANGLADESH

FOOD MINISTER, DELEGATION LEAVE FOR MEXICO

Dacca THE BANGLADESH OBSERVER in English 19 Jun 82 p 1

[Text] The Food Minister, Air Vice Marshal (Retd) A.G. Mahmud left Dacca on Friday night for Mexico to lead a four-member delegation at the eighth Ministerial session of the World Food Council beginning in Acapulco, Mexico on June 21, reports BSS.

About 38 Ministers of the member countries are expected to attend the session to discuss world food situation food security and strategy for combating hunger and malnutrition.

The four-day long session of the World Food Council will highlight particularly the burning food issues like hunger, malnutrition and food security reserves in the national, regional and international levels.

The food crisis of the Less Developing Countries (LDCs) particularly those in Africa and Latin America is expected to dominate the discussions of the international Ministerial level forum.

Bangladesh will pursue these issues with all seriousness to ensure realisation of the food security goals of the developing countries.

The other members of the delegation are Mr Atul Ahsan, Bangladesh Ambassador in Rome, Mr S.A. Mahmud, Additional Secretary Ministry of Agriculture and Mr Abidur Rahman, Economic Minister, Bangladesh Embassy in Washington, D.C.

The team is expected to return to Dacca on June 27.

CSO: 4220/7547

FOOD MINISTER ADDRESSES ACAPULCO MEETING

Dacca THE BANGLADESH TIMES in English 25 Jun 82 p 1

[Text] Acapulco (Mexico), June 24--Food Minister Air Vice Marshal (Retd) A.G. Mahmud has stressed the need for greater awareness among the developed world about the requirements of developing countries for massive investments for making their national food strategy a success, reports BSS.

He urged the developed countries to make provision of assistance matching needs of the developing countries.

The Minister was addressing the eighth ministerial session of the World Food Council here on Monday.

A four-member Bangladesh delegation led by the Food Minister is participating in the session which was inaugurated by the President of Mexico, Mr Jose Lopez Portillo.

The Food Minister in his speech highlighted the need of a direct attack on hunger through Food-for-Works programme and vulnerable group feeding and exhorted the international community and the donors to come up with greater volume of assistance which the situation demands.

Air Marshal Mahmud observed that in spite of continued international concern at the growing problems of hunger all over the world, In Asia, Africa and other regions, the world still lacks a workable and dependable world food strategy and security system.

He emphasised the need for an immediate action-oriented programme for (a) increasing food production in deficit countries on a sustainable basis, (b) continued availability of both production inputs and food aid to food deficit and low income countries, (c) ensuring timely and balanced distribution, (d) building up of food management infrastructure, (e) raising purchasing capacity of the poorer segments and (f) assuring market for the surplus produce of the countries with limited scope of marketing.

The Minister also observed that production itself would not help solve the problems of hunger less an equitable distribution system was evolved both nationally and globally.



Bangladesh endorsed the concept of the global food security network to attain food security as well as market stability and supported the proposals for country reserves and a mutually agreed food security network.

The Bangladesh approach to this problem of eradication of hunger and malnutrition and its stand on the basic issues was received with appreciation.

CSO: 4220/7555

EXPORT GAP INCREASES, BALANCE OF PAYMENTS DETERIORATES

Dacca THE BANGLADESH TIMES in English 17 Jun 82 pp 1, 8

[Text] The export gap in the country increased by Tk. 113 million in 1980-81 over the preceding year deteriorating further the balance of payments situation.

According to Export Promotion Bureau (EPB) sources, the trade gap of the country was Tk. 26,340 million in 1979-80 which increased to Tk. 26,453 million in 1980-81.

In the background of the slow growth in the export of the country, the Export Promotion Bureau (EPB) made various proposals for implementation in 1982-83 to boost up export earnings.

According to EPB sources, the proposals centred round four main issues including product and supply development, export market development, export incentives and infrastructure support services.

The sources pointed out that export sector recorded a growth of only 3.18 percent in 1980-81 while import recorded a growth of 16.8 percent during the year.

On the other hand, the Gross Domestic Product was estimated to have increased by 6.08 percent in 1980-81 as against the growth of GDP by 2.9 percent in the preceding year. This growth had been mainly due to development in both agricultural and industrial sectors.

The agricultural sector recorded a growth of 7.09 percent during 1980-81 as against the marginal growth of 1.72 percent in 1979-80. The growth in the industrial sector also recorded a significant rise and was estimated to have increased by 8.6 percent as compared to the increase of only 0.17 percent in 1979-80.

Growth

All these figures showed that except export sector there had been substantial growth in other sectors. The EPB sources said that the combined effect of slow growth in export and high import expenditure had deteriorated the balance of trade situation of the country.

In order to minimise the trade gap, the EPB made a number of recommendations for implementation in 1982-83 to boost up country's export. The recommendations were on specific item of export and at the same time on policy matters.

In the jute and jute goods sector, the EPB recommended to intensify implementation of intensive jute cultivation scheme, to ensure regular sailings of Bangladesh Shipping Corporation (BSC) ships for West Africa, South America, Australia and Middle East, to intensify efforts to develop new markets in selected end-user markets, especially in West Africa and West Asia to ensure timely allocation of foreign exchange for import of spares of jute mills.

CSO: 4220/7544

HIGH COURT BENCHES IN DIVISIONS BEGIN TO FUNCTION

Dacca THE NEW NATION in English 16 Jun 82 pp 1, 8

[Text] The permanent benches of the High Court division of the Supreme Court began functioning yesterday in Comilla, Rangpur and Jessore.

The High Court division was split into several benches recently in pursuance of the government decision to decentralise the judiciary.

Reports from Jessore said the High Court bench for Khulna Division began functioning at satellite town here.

Speaking at the inaugural function, Mr Justice Abdur Rahman Chowdhury underscored the need for close cooperation and mutual understanding between the bench and the bar as he added, they are the inseparable part of judiciary.

Deputy Attorney General Mr Moazzem Hossain gave a brief resume of the establishment of the High Court bench in Jessore and added that it would greatly facilitate the people of Khulna Division.

The function was also addressed by Syed Shamsur Rahman, the senior-most advocate in Khulna Division and advocate Rowsan Ali, president of Jessore Bar Association.

Later a full bench reference was held with Mr Justice Abdur Rahman Chowdhury in the chair. A milad mahfil was also held before the opening of the bench.

The bench for Chittagong Division was scheduled to sit at the Comilla health centre building. The Rajshahi Division bench was scheduled to sit at Rangpur Zilla Parishad building.

CSO: 4220/7543

BANGLADESH

BANGLADESH PETROLEUM REPORTS 1981-82 IMPORTS

Dacca THE BANGLADESH TIMES in English 16 Jun 82 pp 1, 8

[Text] Bangladesh Petroleum Corporation (BPC) imported crude oil worth Taka 1,070 crore in 1981-82 to meet the total requirement of the country.

The total requirement of the country is 16 lakh tons of petroleum products which is exacted after processing and refining 1.9 million tons of crude oil.

The crude oil is imported from Saudi Arabia, Abu Dhabi and Indonesia.

This included one million tons from Saudi Arabia, 0.6 million tons from Abu Dhabi and 0.3 million tons from Indonesia.

Out of 1.9 million tons of crude oil, 1.2 million tons are refined and processed in Eastern Refinery Limited while 0.7 million tons are diverted to Singapore for refining and processing at the Singapore Refinery.

The Corporation has to pay two dollars for refining a barrel of crude oil to the Singapore Refinery.

Following is the refined products of crude oil:

Jet petrol 60,000 tons, superior kerosene oil 4,46,000 tons.

High speed diesel 4,52,000 tons, motor spirit 52,000 tons.

HOBC 8000 tons, light diesel oil 36,000 tons.

JBO (jute batching oil) 36,000 tons, furnace oil high sulphur 4,71,000 tons.

Low sulphur 42,000 tons, minor products 3,000 tons.

The entire jet oil 60,000 tons, is imported from Singapore while out of 4,46,000 kerosene oil Singapore supplies 1,37,000 tons. Singapore also supplies 3,54,000 tons of DGL including 38,000 tons from the USSR on barter out of 4,52,000 high speed diesel.

Talking to Times Brig (Retd) Azizul Islam, Chairman, BPC, said that 65 percent of total requirement of refined petroleum products were made available by the Eastern Refinery Limited, while 35 percent were imported from Singapore.

He said that the BPC exported petroleum products worth Taka 300 in 1981-82. This included naphtha and furnace oil, he said.

CSO: 4220/7542

## AGRICULTURAL WORKERS REAL WAGES CONTINUE DECLINE

Dacca THE BANGLADESH TIMES in English 16 Jun 82 pp 1, 8

[Text] The real wages of agricultural workers of the country gradually declined by about 50 percent over the past 30 years barring a short period in mid-sixties.

According to a recent study, the real wage (at 1973-74 cost of living) of an agricultural worker declined to Taka 6.79 in 1979-80 from Taka 11.29 in 1949.

The decline in real wage has not been a steady one as there were shorter periods over which stability or recovery was registered. In particular, over the decade ending in mid 1960s real wages of the agricultural labourers increased steadily. The rise was associated with rising productivity and improved terms of trade for agriculture.

In other periods, particularly over the decade between mid 1960s and mid 1970s, the rate of decline was high and steady. The average real wage in the second half of the 1970s was nearly 30 percent lower than the average real wage in the first five years (1949-1953).

Money wages of the agricultural workers had also been flexible. At least on three occasions during past three decades, there were decreases in the money wages. The money wage of per worker per day was Taka 1.92 in 1949 which declined for the next five years to Taka 1.32. Again in 1965, the money wage declined to Taka 2.34 from Taka 2.65 in 1964. Finally, there was a decline in money wage during 1975-77 period.

According to the study the long-term factors like declining land-man ration continued in equality in the distribution of land, prevalence of institutions and techniques discouraging the absorption of labour in agriculture and the slow growth in non-agricultural employment, tended to depress the real wage of agricultural workers.

However, rapid output growth, in association with improved terms of trade for agriculture was able to overcome the effects of these trend factors for short periods. But since mid-1960s such situation has never come.

CSO: 4220/7542

BRIEFS

AUSTRALIAN WHEAT GRANT--Under a Memorandum of Understanding signed in Dacca on Thursday, Australia will provide 50 thousand tons of wheat as grant to Bangladesh as part of Australia's Food Aid Programme for the year 1982-83, says a PID handout. Australia already committed 1,11,025 tons of wheat for shipment to Bangladesh during the financial year 1981-82. This quantity of 50 thousand tons of wheat is in response to Bangladesh's request for additional food aid during the year 1982 and is in addition to the foodgrains committed earlier. The memorandum of understanding was signed by Kazi Fazlur Rahman, Secretary, External Resources Division, Ministry of Finance and Planning and Mr Mack Williams, High Commissioner for Australia in Bangladesh, on behalf of their respective Governments. It may be mentioned that Australia has so far provided to Bangladesh approximately US \$120 million (excluding the value of this grant of 50 thousand tons) in the form of food aid. Australia has also provided us project commodity and technical assistance to our development efforts. [Text] [Dacca THE BANGLADESH OBSERVER in English 18 Jun 82 p 1]

LOAN FOR WATER--Manila, June 17--The Asian Development Bank (ADB) has approved two loans to finance a project for improvement of water supply in Bangladesh and a telecommunications project in Pakistan, the ADB said today, reports Reuter. A 14.4 million dollar loan extended to Bangladesh will cover the foreign exchange cost of a project aimed at expanding water supply and sanitation facilities. Drawn from the bank's special funds resources, the loan is repayable in 40 years at a yearly service charge of one percent. The loan to Pakistan is for 29 million dollars over 25 years at 11 percent a year interest and is the bank's 40th loan to the country, ADB said. [Text] [Dacca THE BANGLADESH times in English 18 Jun 82 pp 1, 16]

SIERRE LEONE ENVOY--The Government of Sierra Leone has appointed Mr C.B. Aubee as High Commissioner of Sierra Leone to Bangladesh with residence in Peking an official announcement said in Dacca on Thursday, reports BSS. Born in 1942 Mr C.B. Aubee was educated in USA and obtained his B.A. degree in History Government and Philosophy and M.A. degree in Education Psychology. From 1978 to 1981 he was High Commissioner of Sierra Leone to the United Kingdom. Since 1981 he is the Ambassador of Sierra Leone to the People's Republic of China with concurrent accreditation to DPRK, Japan, Pakistan and the Philippines. [Text] [Dacca THE BANGLADESH OBSERVER in English 18 Jun 82 p 16]



IRAQI MINISTER'S VISIT--Mr Hamed Alwan Minister of States for Foreign Affairs and Special Envoy of President Saddam Hussain of Iraq, arrived in Dacca on Tuesday afternoon on a two-day visit to Bangladesh, reports BSS. On arrival by a special plane of the Iraqi Airways, Mr Alwan was received at the airport by the Minister for Labour and Manpower Development, Air Vice-Marshal (Retd) Aminul Islam, Foreign Secretary Mr A.H.S. Ataul Karim, Iraqi Ambassador to Bangladesh Mr Arif Muhammad Ali Karim and high officials of the Foreign Ministry. Later the Special Envoy called on Deputy Chief Martial Law Administrator Rear Admiral M.A. Khan and handed over to him an invitation of the Iraqi President for the Chief Martial Law Administrator Lt Gen H.M. Ershad to participate in the seventh Non-aligned summit conference to be held in Baghdad in September next. They also discussed matters of mutual interest. [Text] [Dacca THE BANGLADESH OBSERVER in English 16 Jun 82 p 1]

NATIONALIZATION ORDINANCE AMENDMENT--The Chief Martial Law Administrator has promulgated the Bangladesh Industrial Enterprises (Nationalisation) (Amendment) Ordinance 1982 to further amend the Bangladesh Industrial Enterprises (Nationalisation) Order 1972 says a PID handout. According to the amendment 1st provision in Clause (2) of Article 4 of the Order has been substituted as follows: "Provided that the power of sale or transfer under this clause shall not be exercisable in respect of a scheduled industrial enterprise enumerated in the Third Schedule unless such sale or transfer is in favour of a company all the shares of which are owned by the Government and its nominees." [Text] [Dacca THE BANGLADESH OBSERVER in English 16 Jun 82 p 1]

JAPANESE AID--Chittagong, June 21--The Ambassador of Japan in Bangladesh, Mr Hirohiko Otsuka disclosed here yesterday that Japan shares the 25 percent of total aid of Consortium to Bangladesh. The Japanese Ambassador was speaking as chief guest at the fifth installation ceremony of new office-bearers of Rotary Club of Agrabad at a local hotel on Saturday night. Among others, the Rotarians Mr Ajit Prasad, Mr A.K.M. Shahidul Islam, Mr A.K. Chowdhury, Mr Bashirul Huq, Dr Shah Nawaj Khan and Mr Mainuddin Ahmed spoke on this occasion. Mr Otsuka said that assistance of Japan to Bangladesh in a single year in 1980 totalled 250 million dollars. Referring to the existing economic relation of two countries, the Ambassador claimed that Bangladesh after her independence is the recipient of second biggest amount of Japanese economic assistance. The volume of this assistance is gradually going up, he added. Mr Otsuka advised the Bangladesh exporters to augment the export of shrimp which has got good market potentialities in Japan. Mr Abul Khair Chowdhury, Mr Mainuddin Ahmed and Mr G.M. Chowdhury have been elected President, Secretary and Treasurer respectively, of the Rotary Club of Agrabad for the year 1982-83. [Text] [Dacca THE BANGLADESH OBSERVER in English 22 Jun 82 p 1]

CSO: 4220/7551

GANDHI SPEAKS ON SANJAY'S DEATH ANNIVERSARY

New Delhi PATRIOT in English 24 Jun 82 pp 1, 9

[Text] Mrs Indira Gandhi said on Wednesday that she did not fall for the consensus move on the presidential election because she had seen through the opposition motive which was to weaken her government, impede the development process and pull her down.

"If they wanted consensus without hurting the Government, it would have been good; but if they wanted to weaken the Government, how could we accept that," she added, while addressing a large public meeting at the Parade Grounds organised by the DPCC-I on Mr Sanjay Gandhi's second death anniversary.

Mrs Gandhi said that the Left and progressive parties had by joining up with the BJP and the RSS in the guise of putting up a common Presidential candidate, weakened themselves and bartered away the future.

"No one is thinking of what he is doing for the future; national unity is being harmed; the development of the country is being impeded," she said.

Mrs Gandhi said during the rise of Hitler, the Left and the Communist parties in Germany had welcomed his talk of nationalism and socialism, believing that he was going to implement the programmes that they had been advocating. Yet, when Hitler did come to power, the Communists and the progressives were the first to be shot.

The same is happening here. "The RSS or the BJP--whatever they call themselves, I'll call them the RSS and the Jana Sangh as they are the same even if they have a handful of Muslims and Christians in their party--is spreading communalism," she added.

Trying to hurt her and trying to pull her down had been their main activity all along, ever since she first came to power in 1967. "They tried to kill me, to harm me. They tried character assassination. But they do not scare me," Mrs Gandhi said. "I think anyone who is strong and whose ideals and goals are high had to fear no evil," she added.

Her main objective, the Prime Minister said, was to maintain national unity and the pace of its development. Stability and a strong Government were needed to solve problems. She said she had welcomed their cooperation in this task, but was sorry that the Opposition had tried only to remove her and to harass her.

Her Government, Mrs Gandhi said, had taken up many programmes to improve the economy and to ameliorate the lot of the minorities and the weaker sections.

Lakhs of people had been brought above the poverty line, though crores remained below it. The progress had been considerable but was not visible in ever-expanding ocean of the population explosion, she said. Her Government had given due emphasis both to the urban areas and to the people living in the rural areas. The struggle however, was not over.

Mrs Gandhi lashed out at her critics, saying that while they could see nothing but faults and shortcomings, others had recognised the achievements of the country. At the recent meeting at Versailles in France, tribute had been paid to India's development. "If there are shortages, it is because the needs and demands of the people are also growing. This itself is an index of the rise in the standard of living," she said.

The Prime Minister said India as much as the world, faced three main crises today. The first was in the arms race, the purchase and piling of arms in the neighbourhood and in other countries. The second was the increasing disparities--between man and man and nation and nation. Disparities automatically lead to tension. And the third major crisis was of the depredation of ecology, industrial pollution and the philosophy that immediate gain was important and let the future take care of itself.

"Instead of uniting and finding a common way to fight all these crises, we find that all parties are uniting against me and my party," Mrs Gandhi said.

The prime need, she said, was to see that national unity was preserved. She referred to caste and religious tensions and said only a handful of people were behind them. Her Government, she said, would ensure that no one was hurt, that help was given to the weaker sections and the minorities.

Mrs Gandhi scoffed at her critics, dismissing their charges as born of frustration. "We have dismissed officials, ministers and chief ministers for corruption. Did they dismiss anyone for corruption when they were in power," she asked.

Obviously referring to statements of Mrs Maneka Gandhi, her daughter-in-law that Sanjay's five-point programme had been cast aside after his death, Mrs Gandhi asserted it had been and is part of the Congress policies.

Sanjay, she said, had only given preference to these five points as he thought they could be implemented without depending entirely on the Government. He also believed that the youth could gainfully engage themselves in implementing these five points.

All the five points were now a part of the revised 20-point programme which was meant to help the poorest and weakest sections of the people, Mrs Gandhi said.

Earlier welcoming the Prime Minister, Delhi Youth Congress-I president Jagdish Tytler said Sanjay Gandhi's five points had not been forgotten by the organisation.

He ridiculed those who criticised the Youth Congress-I for having jettisoned Sanjay's programmes and said "We will work with unstinted dedication" to realise his dreams. The IYC-I president Gulam Nabi Azad also spoke.

The meeting was also attended by senior Cabinet colleagues of Mrs Gandhi including Defence Minister R. Venkataraman, Irrigation Minister Kedar Panday and Information Minister Vasant Sathe.

It was also attended by other Central Ministers, MPs and party workers including the Delhi Congress-I president H.K.L. Bhagat.

CSO: 4220/7539

REFORM COMMITTEE RECOMMENDATIONS SUMMARIZED

Dacca HOLIDAY in English 13 Jun 82 pp 1, 8

[Text] The Committee for Administrative Reorganization/Reforms is learnt to have recommended for fully elected local councils from village to district level.

The recommendations of the committee aim at taking the administration to the doorstep of the people curtailing the bureaucratic dominance at all levels and gradually ending the legacies of the colonial system.

The committee, headed by the Deputy Chief Martial Law Administrator and Chief of the Naval Staff Rear Admiral Mahboob Ali Khan, is learnt to have submitted the report to the concerned authority.

According to sources, the committee has reportedly recommended that the chairmen of union parishad (UP) thana parishad (TP) and zilla parishad (ZP) should be directly elected by the people. The chairmen of the union parishads should be members of the thana parishads while the members of the thana parishads should be members of the zilla parishad.

The chairmen of ZP, TP and UP should be the chief coordinators of all local administrative matters including development activities.

The committee is learnt to have recommended that zilla parishad and thana parishad should be provided with senior staff support. However, the elected chairmen will be given adequate powers to ensure accountability of local officers.

The report observed that the regulatory administration might be kept outside the jurisdiction of local councils but this could be closely associated with public order and security and local revenues.

The report recommended strengthening the village courts in terms of enforcement of its decisions.

The report is also learnt to have recommended conversion of existing subdivisions into districts and abolition of division as unit of administration. These should be carried out in phases.

Some of the experts consulted by the committee have reportedly opined that there should be less of bureaucratic predominance and creation of more popular leadership at all levels. They also supported popular participation in administration as well as decision making process as far as practicable.

According to some experts whose opinions have been incorporated in the report the senior staff support by the government to thana and zilla parishads might sabotage the people's sovereignty. They viewed that all secretarial support to the councils should be locally arranged.

It could not be ascertained as to what would be the relationship between the elected chairman of the zilla parishad and the deputy commissioner. It could not be gathered whether the status of the deputy commissioner would be reverted to the position held till 1959 when they were responsible for collection of land revenue and magisterial function.

CSO: 4220/7540

## PAPER REPORTS CONDEMNATION OF ISRAELI INVASION

### Diplomats Speak

New Delhi PATRIOT in English 24 Jun 82 p 12

[Text] Senior representatives of various nations on Wednesday demanded immediate withdrawal of Israeli troops from Palestine and urged other countries to join in the disarmament negotiations.

Addressing a meeting organised by the All-India Peace and Solidarity Organisation in the Capital, the diplomats, foreign emissaries and Indian parliamentarians emphasised the importance of the UN special session and pointed out the need for global peace.

USSR minister councillor V. Yakunin pointed out the dangers of arms race and felt that it only meant a nuclear holocaust. The visiting Minister demanded immediate withdrawal of Israeli troops and said that they were disturbing Asian peace.

Vietnam charge-de-affaires Khang, while condemning the imperialist for adding to the global tension, extended total support to the fighters of Palestine and said that it was yet another conspiracy of the US forces to bring disharmony in the area.

Mongolian embassy charge-de-affaires R. Bold too, condemned the Israelis for aggravating the world situation and said that forces of peace in Asia and other places were joining hands to bring global harmony.

Rasheedudin Khan, MP, charged the Reagan administration with conspiring against the success of the UN special session and condemned the Israeli forces for aggression.

Presiding over the meeting, Mr Chandrajit Yadav, MP, warned that the global danger has to be fought unitedly to avert the threat of a nuclear disaster.

## Janata Party Statement

New Delhi PATRIOT in English 24 Jun 82 p 12

[Text] The Janata Party has unequivocally condemned the Israeli invasion of Lebanon and urged the Government and people of India to extend all help and assistance to the Palestinian and Lebanese people in their struggle against Zionist militarism.

In a statement on Wednesday, Janata Party general secretary Syed Shahabuddin, MP, said his party fully supported the stand of the non-aligned group calling for immediate and unconditional withdrawal of Israeli forces from Lebanon. He also pointed out that the Janata Party expressed solidarity with the Arab cause and the Palestine and Lebanese people in their hour of crisis.

He observed that the Israeli aggression was yet another example of its "continued defiance of world public opinion and persistent violation of UN resolution." Israel's objective today, he explained, "is nothing less than complete liquidation of the Palestine resistance and annexation of the hole of Palestine by force." He further regretted that instead of vacating occupied territories and conceding the Palestinian right to self-determination and statehood, Israel had chosen to "enlarge the area of conflict and keep the cauldron boiling."

"Territorial gain by force or liquidation of a community is against the spirit of the time and the Janata Party is convinced that unless Israel forsakes its policy of confrontation and recognises the legitimate aspirations of the Palestinian people, there shall be no peace in West Asia nor shall Israel have a secure existence," Mr Shahabuddin averred.

## CPI Statement, Drive

New Delhi PATRIOT in English 24 Jun 82 p 9

[Text] The Communist Party of India has directed its units in the country to intensify the campaign of solidarity with the Palestinian and Arab people, and collect urgently needed relief in aid of victims of Israeli barbarity in Lebanon.

In a statement on Tuesday, CPI National Council Secretary N.K. Krishnan conveyed his party's "strongest condemnation of the criminal genocide which the Israeli aggressors are carrying on against Palestinian families and the PLO in Lebanon with the open support of the Reagan administration."

Pointing out that the Israeli aim was to physically liquidate the Palestinian freedom fighters and their leader, the CPI leader demanded immediate withdrawal of all Israeli forces from Lebanon and expressed its fullest solidarity with the PLO.

CSO: 4220/7539



JANATA MP TALKS TO NEWSMEN ON VISIT TO PRC

Calcutta THE STATESMAN in English 22 Jun 82 p 9

[Text] New Delhi, June 21--Mr Subramaniam Swamy, Janata MP, today claimed that India's border problem with China was "within sight of an amicable solution," reports PTI. He was talking to reporters here after his return from a two-week visit to China.

Mr Swamy said his impression was based on the talks he had with a leading foreign policy expert holding the rank of Deputy Prime Minister Mr Ji Peng Fei. The Indian Ambassador, Mr K.S. Bajpai was present at the talks which lasted an hour.

The Janata MP said that during the talks held between the two countries till now China had suggested five points for settlement and India six additional points. With this the negotiations had come to "specifics." He did not disclose the points.

What was needed now was a "political push" to the negotiations, Mr Swamy said and urged the two countries to reach a settlement before the end of 1983. He urged the Minister for External Affairs, Mr P.V. Narasimha Rao to visit China, an invitation for which had been extended by Mr Huang Hua in June last year.

Mr Ji, who is also the head of the International Affairs Department of the Communist Party of China, had described as a "good idea" his (Mr Swamy's) proposal to build a Shiva and Buddha temple complex in the Kailash-Mansarovar areas. He told Mr Swamy that the proposal would be referred to the Tibetan authorities.

He was impressed with the extent of religious freedom now existing in China. Temples had been renovated and new mosques opened in that country.

On his visit to Bangladesh, Mr Swamy said there was an "unnecessary communication gap" between the two countries. India, being the bigger country, should show a spirit of accommodation to Bangladesh requirements."

CSO: 4220/7527

FINANCE COMMISSION APPOINTED, MISSION TOLD

Madras THE HINDU in English 22 Jun 82 p 10

[Text] New Delhi, June 21--The President has appointed the eighth Finance Commission by an order under Article 280 of the Constitution and Mr Y.B. Chavan, former Union Finance Minister, will be the Chairman of the Commission.

The other members of the Commission are: Mr Justice Sabyasachi Mukherjee, Judge of the Calcutta High Court, Dr Ch. Hanumantha Rao, Member, Planning Commission Mr G.C. Baveja, Secretary, Union Ministry of Finance and Mr A.R. Shirali, Deputy Comptroller and Auditor-General of India. Mr N.V. Krishnan, Joint Secretary, Ministry of Finance, will be the Secretary to the Commission.

Report by October 1983: The award of the Commission will cover the five-year period 1984-85 to 1988-89. It will submit its report by October 31, 1983 in time for finalising the budget proposals for 1984-85.

The Commission will make recommendations relating to (i) the distribution between the Union and the States of the net proceeds of Central taxes like income tax (other than corporation tax and union excise duties, which are to be, or may be divided between the Union and the States) and (ii) the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India.

The Commission will determine and recommend the sums to be paid to the States in need of assistance, by way of grants-in-aid of their revenues in pursuance of the substantive provision of Article 275 (1) of the Constitution.

Central Assistance Norms: In making its recommendations, the Commission shall take into consideration the resources of the Central Government and the demands on such resources as well as the present practice in regard to the determination and distribution of Central assistance for financing the State Plans. The Commission will also take into consideration the requirements, on revenue account, of the States to meet the expenditure on administration and other non-Plan commitments and liabilities, keeping in view the national policies and priorities.

In making the assessment of such requirements of the States, the Commission shall take into account the emoluments and terminal benefits of the Government employees and teachers and employees of local bodies as obtaining at a specified date, as the Commission may deem it proper, and with reference to appropriate objective criteria, it shall also reckon with the commitments in regard to interest charges on the States' debt and transfer of funds to local bodies and aided institutions.

The Commission shall also consider the requirements of the States for upgrading standards in non-developmental sectors and services, particularly of States which are backward in general administration with a view to bringing them to the levels obtaining in the more advanced States. The scope of better fiscal management and economy in expenditure of the States, consistent with efficiency and the need for ensuring reasonable return on investments in irrigation and power projects, transport undertakings, other industrial and commercial enterprises, etc., are also matters the Commission will consider.

Other Terms of Reference: Under Clause (C) of Article 280 (3) of the Constitution, it is open to the President to refer to the Finance Commission any other matter in the interests of sound finance. In pursuance of this provision, the Commission, like the earlier Commissions, has been asked to suggest changes, if any, to be made in the principles governing the distribution, among the States, inter-se, of the net proceeds of estate duty on property other than agricultural land, additional excise duties, in replacement of States' sales tax levied and collected on cotton fabrics, sugar, tobacco, including manufactured tobacco, as well as the grants-in-aid to be made available to the States in lieu of the tax on railway passenger fares and the grants-in-aid in consideration of the collection of wealth tax on agricultural property.

As in the case of the fifth Finance Commission, the eighth Commission has been asked to examine the scope for raising revenue from the taxes and duties mentioned in Article 269 of the Constitution, but not levied at present. It has also been asked to examine the scope for raising revenue from the duties mentioned in Article 268.

Financing of Relief Expenditure: The Presidential order provides that (i) the Commission may make an assessment of the non-Plan capital gap of the States on a uniform and comparable basis for the five years ending with 1988-89. In the light of such an assessment, the Commission may take up a general review of the States' debt position with particular reference to the loans advanced to them by the Central Government and likely to be outstanding at the end of 1983-84 and suggest appropriate measures to deal with the non-Plan capital gap; and (ii) the Commission may review the policy and arrangements in regard to the financing of relief expenditure by the States affected by natural calamities and suggest modifications, as it considers appropriate in the existing arrangements, having regard to all relevant considerations including the need for avoidance of wasteful expenditure.

INDO-PAKISTAN TALKS HELD LIKELY IN AUGUST

Madras THE HINDU in English 24 Jun 82 p 1

[Text] New Delhi, June 23--The stalled Indo-Pak dialogue is expected to be resumed in early August when the Foreign Secretary, Mr M.K. Rasgotra visits Islamabad.

Mr Rasgotra will be going to Pakistan primarily for the official-level meeting of South Asian countries on Aug. 7 and 8--as part of the series of which the last get-together was in Nepal.

He will stay there another day to discuss bilateral matters with his Pakistani counterpart. Whether it will be a formal contact as envisaged during the talks here of the former Pakistani Foreign Minister, Mr Agha Shahi earlier this year, or an informal affair, and whether the meeting will be structured or not is not so relevant as the considered decision that he extend his stay for bilateral discussions.

This is significant in the context of the recent efforts to salvage the dialogue which got bogged in mutual recrimination following a Pakistani delegate's reference to Kashmir at the U.N. Human Rights Commission's meeting.

Limited Understanding: As a matter of fact, the visit of Mr K. Natwar Singh who is in charge of the Pakistan division in the Foreign Ministry to Islamabad on May 31 and his talks with the Pakistani President Gen. Zia-ul-Haq and others, marked a considerable advance. It was during these discussions that a limited understanding was reached for resuming the dialogue.

Even then it was not clear whether the next round of discussions would centre on the proposal for a no-war pact as desired by Pakistan, or on confidence-building, as suggested by India. As New Delhi saw it, the desire to widen the scope of discussion was not to be interpreted as a move to exclude examination of the no-war proposal.

On the other hand, the intention, it was stressed, was to have a full-scale discussion on all matters that could conceivably promote amity and these could include the proposals for a friendship treaty or a joint commission or an institutionalised framework for bilateral contacts.

At the same time, New Delhi made it clear that the Pakistani draft of the no-war pact proposal was not acceptable to it as the basis of discussions. The deliberate leak of the draft by Pakistan was seen as an attempt to score a propaganda point and the critical Indian reaction was made known by the official spokesman. In keeping with its approach, India would like the scope of the Islamabad document to be enlarged, he said.

It will be in this context--of mixed signals from Pakistan--that Mr Rasgotra will be discussing bilateral issues in Islamabad.

CSO: 4220/7538

# ONGC REPORTED SEEKING HIGH CRUDE OIL PRICE

Madras THE HINDU in English 24 Jun 82 p 6

[Text] New Delhi, June 23--The Oil and Natural Gas Commission (ONGC) has told the Government that if the price it was paid for indigenous crude is raised to the international market price, ONGC would have enough funds for its 10-year (1980-1990) action plan which has been submitted to the Government.

The plan is of two variants--the first proposes an outlay of Rs. 23,940 crores for which the internal resources to be generated by ONGC would be around Rs. 21,579 crores and the external resources needed would be Rs. 2,361 crores.

The second envisages an outlay of Rs. 28,995 crores to be financed by internal resources to the tune of Rs. 24,646 crores and the external resources of the order of Rs. 4,149 crores.

Under the first variant, oil production target in 1990 is 46.5 million tonnes and under the preferred second variant it will be 60.5 million tonnes.

ONGC has indicated how Government could help it generate almost all the funds needed for this plan.

(i) The Government should allow ONGC international market price for the crude it is obliged to swap in the overseas market; (ii) the price of liquefied petroleum gas (LPG) should be raised to correspond to the ex-Koyali price; (iii) the price of crude a barrel should be fixed on the basis of 34 degrees API as was done in the earlier years instead of on a per-tonne basis adopted by the Government from July 1981 onwards. Adoption of volumetric basis would be more appropriate; (iv) the price paid to ONGC for natural gas should also be revised.

Greater Multiplier Effect: Explaining why it preferred the second variant, ONGC has said that (i) it is based on a planning model with explicit logic and systems analysis tested for validity by a more sophisticated technique; (ii) the net foreign exchange outflow will be less for the second variant; (iii) larger investment for the second variant will have a greater multiplier effect on the economy; (iv) in the approved Sixth Plan outlay the investments reach a peak in 1982-83 and shows a decline later.

Oil exploration being a priority national task, the tempo of exploration and exploitation have to be maintained without any let-up. This is all the more important when many promising areas are yet to be fully explored. The two variants proposed by ONGC take care of this, the second in a greater measure.

The foreign exchange component of the action will be Rs. 13,803 crores under the first variant and Rs. 16,962 crores under the second. ONGC has said it would be necessary to borrow in foreign markets and to obtain loans from the World Bank. To project a sound financial image to the financial institutions, it will be necessary to augment internal resources.

**Need for More Powers:** The magnitude of the tasks involved in implementing the action plan implies that ONGC should be backed to the hilt by the Government by enhancing its powers. ONGC has spelt out in detail how this could be done.

(i) Once the action plan is approved, no further approval should be needed from the Public Investment Board (PIB) nor the Government for individual proposals covered under the plan. The monetary limits fixed under the ONGC Act and rules for incurring expenditure should be waived.

(ii) Short-term annual foreign exchange budget should be approved by the Government within the framework of the plan so that after the foreign exchange budget has been approved by the Government and the allocation of sources identified, it may be stipulated that no further approval for foreign exchange release need be obtained in respect of these items unless there are major variations from the budget.

(iii) So long as ONGC follows the broad directives of the Government policy, individual items for approval by the Bureau of Public Enterprises (BPE) and the Government need not be insisted upon in respect of issues regarding personnel, pricing, purchase, award of services and consultancy contracts, etc.

**Blanket Sanction of Exchange:** (iv) Customs duty should not be imposed for offshore purchases and operations.

(v) ONGC should be empowered to release foreign exchange up to Rs. 100 crores a year without the Government approval as a blanket sanction. This amount should be allowed to be used for items not covered by the foreign exchange budget provided the variations are not more than 20 percent.

(vi) ONGC should be empowered to make purchases even of all high-value items on the basis of limited tenders from reliable sources to save time and ensure quality.

(vii) Immediate action should be taken to set up high-power committees to study the availability of capital equipment, services, consultancy, setting up of subsidiary companies and joint ventures preferably in the public sector.

(viii) Capital investment proposals beyond Rs. 5 crores should not have to be submitted to the Government for approval once they have been approved at the stage of the five-year and the annual plans.

(ix) ONGC should be given full powers for the creation and filling up of all posts except the posts of members.

CSO: 4220/7538



## BRIEFS

AMBASSADORIAL APPOINTMENTS--New Delhi, June 21--Mr G.S. Dhillon, former Speaker of the Lok Sabha and now High Commissioner in Canada is being succeeded by Mr M.R. Sivaramakrishnan. Mr Sivaramakrishnan, Ambassador in Poland, will take up his new assignment shortly. Other appointments announced today include the appointment of Mr Muchkund Dubey, presently High Commissioner in Bangladesh as the Permanent Representative of India at the United Nations offices at Geneva in the rank of Ambassador. He succeeds Mr A.P. Venkateswaran, who is going to Beijing as Ambassador in place of Mr K.S. Bajpai. Mr Bajpai is returning to India as Secretary in the External Affairs Ministry. Mrs Manorama Bhalia till recently Secretary, Indian Council of Cultural Relations, has been appointed Ambassador to Denmark. She succeeds Mr Prem Shunker.--PTI [Text] [Madras THE HINDU in English 23 Jun 82 p 11]

NEW POLITICAL PARTY--Coimbatore, June 21--The Agricultural Labour Association, led by Mr K.K. Anbuganesan, a member of the Tamil Nadu Government's high power agricultural committee, was changed into a political party and the new party under the name "Labour Party" was inaugurated here. Mr Anbuganesan is the president of the new party while Mr Rama Kumaraswami and Mr Gobi Mariappan were elected secretary and treasurer respectively. Mr Anbuganesan also introduced a new flag for the party yellow in colour with a chakra in red along with an axe in the middle. The meeting passed a resolution urging the State and Central Governments to withdraw the 'anti-labour' legislations Mr Velusami proposed a vote of thanks. [Text] [Madras THE HINDU in English 22 Jun 82 p 12]

CSO: 4220/7529

GOVERNMENT PROGRAM NO SOLUTION

Kathmandu THE MOTHERLAND in English 30 Jun 82 p 3

[Editorial: "Illusive"]

[Text] What the government proposes to do now cannot be done even in a decade hence. The reason: corruption is the order of the day. The apparent main thrust of the government which is the economic development through the implementation of the special economic programme, can possibly carry the country nowhere because the target of the government to create an exploitation free society is so illusive and ephemeral that it can at best be described as an ideal which can never be materialised.

In the circumstances the proposition to generate in the entire society an overriding urge for development and sense of total dedication sounds quite platitudinous. Nobody in the government can bring about a change in the heart of the people whose resentment against the government for its indulgement in corruption and for making their life unlivable is unprecedented. Corruption has become so deep-rooted and widespread that the people in the government have lost whatever little credibility they had. Actions taken here and there against small officials cannot redeem the lost name because the people know that corruption has already assumed the pyramidal structure which can be traced from the base to high level in the government.

The demoralised and hamstrung people are not even in a position to express their resentment in an organised manner. There are no leaders worth the name who can revive the wilted spirit of the people in order to enable them to contribute whatever little they could. The RP members are meeting against this backdrop of disappointment and frustration. As the only representatives of the people, the RP members are expected to ventilate the untold miseries of the people in the highest legislature of the country and if necessary take those to task who have made a farce of the representative democracy. It is their business to tell the government in the face that the special economic programme is no cure for the sufferings of the country.

CSO: 4220/211

## PRIME MINISTER HECKLED IN LEGISLATURE

Kathmandu THE MOTHERLAND in English 1 Jul 82 p 1

[Text] Twenty members of the Rastriya Panchayat asked questions about the corruption and other current affairs at the zero hour of the Rastriya Panchayat yesterday.

In an argument held during the zero hour, RP member Pashupati Shumsher Rana said that some of the members were seriously accused when the Prime Minister referred to some of the misdeeds and the crisis that prevailed before he assumed the office of premiership.

Rana said that the Prime Minister had given no reply about the question why licence was given for felling trees just before announcing the foreign policy and noted that his replies were irrelevant.

Rana claimed that the political situation that prevailed in the country prior to the proclamation of the referendum was created by what had happened in the field of education and added that he had done his duty as minister then by undertaking full responsibility.

Janak Bahadur Shah demanded to know why the Food Corporation was made to purchase the grains at a time when greater price for the grains had to be paid and that at a time when the Corporation was incurring losses.

Bhagabati Das Shrestha asked how it was possible for the government to know which of the palm oil was edible and which not when all kinds of palm oil was imported under the same invoice.

Niranjan Thapa called the attention of officials concerned, to incidents at Tribhuvan airport customs on May 18 and 31 and June 2.

What investigations had been done about the customs chief, deputy officer and inspectors on duty on those days and what action was taken, he asked.

On one of those days a mini van drove to the door of godown no. 2 and 60 suitcases were taken into it without even examining them, he said.

The boxes weighed 100 to 125 k.g. each according to the godown register and the documents stated the contents as 12 toys in some places and readymade garments in others.

Then after four junior employees were made scapegoats and the officer who examined the goods and signed the documents, Narendra Thapa was merely returned to his former department and then to the ministry, he said.

Harish Chandra Mahat said all the files pertaining to his year in office be examined and if any irregularities are found with evidence he was prepared to face the consequences. He then asked if the Prime Minister was prepared to do the same.

He also said police who are there to protect the people should not instead kill them.

Dr. Prakash Chandra Lohani asked what were the achievements of the Nuwakot, Rasuwa integrated rural development project? the report for which was already in and why both the zonal administration and the police were trying to take action against the editor of Samikchhya at the same time.

Asking why no answer had been forthcoming to the allegations that license for 50 thousand cubic feet of timber and 10 thousand trucks of firewood had been given just two days before the advent of the forest policy, he also asked for a clear cut answer as to whether it was true or not that license for 50 thousand cubic feet of timber had been issued in the name of a student studying in the Soviet Union.--RSS

CSO: 4220/211

THAPA'S INTEGRITY QUESTIONED

Kathmandu THE MOTHERLAND in English 1 Jul 82 p 3

[Editorial: "Serious Allegation"]

[Text] Some of the RP members raised issues at the zero hour of the RP session on Tuesday questioning the very integrity of Prime Minister Thapa. The issues they raised are very disquieting in the sense that they throw a flood of light on the character of people in whose hands the destiny of the country is placed. No government in power has the moral and legal right to issue licenses to do things which are to be banned a day or two after. The allegations made by the RP members that the Thapa government had given permission to export timber and firewood just two days before announcing the forest policy must have been based on evidence because the Prime Minister has not denied the allegation. The audacity with which Thapa ignored the allegation shows that such questions raised by RP members cannot affect him nor can they dislodge him from power. A worse situation cannot be envisaged when representatives of the people can be so easily ignored in a house where legally speaking, there is no opposition. This is one reason why the people have lost all faith in the government. There is no rapport between the people and the government. The situation has deteriorated to such an extent that there is complete alienation of the government from the people. One does not take the other into confidence. Nothing can be worse than this for a country where so much is said and almost nothing is done. Thapa's reply that he had saved the country when it was crisis-ridden is also misleading and fallacious. The credit for the victory in the national referendum as everybody knows does not go to him. Even if he thinks that the victory was due to his machination, it can be no justification for the kind of corruption he is alleged to have been indulging in.

CSO: 4220/211

## LEGITIMACY OF SUHARTO REGIME QUESTIONED

Tehran KAYHAN INTERNATIONAL in English 26 Jun 82 p 3

[Text] The election victory for President Suharto's army-backed Golkar Party in the Indonesian general elections on May 4 was a foregone conclusion. With rural votes controlled by village military officials (BABINSA), urban votes by the civil servants' organization (KORPRI), workers votes by official trade unions (FBSI), and the approval of candidates firmly in the hands of an official watchdog body, the Election Institute, the CIA backed ruling elite, had left nothing to chance. Every five years a stage-managed show is enacted to create a democratic farce. The regime considers this a sign of maturity among the masses and a clear mandate for the continuation of its policies.

The Golkar is reported to have secured 64 percent (47.5m) votes, the United Development Part (PPP) obtained 28 percent (20.8m) votes and the Indonesian Democratic Party (PDI) managed about 8 percent (5.9m) votes. According to these figures the support for the ruling Golkar increased by about 2 percent since 1977 when the last elections took place. The results indicate that the composition of seats in the new parliament will be: Golkar 244, PPP 96 and the PDI 24.

Under the Indonesian system, there are three political parties: one ruling and two in opposition, designed to perpetuate the Suharto government. Beside the ruling Golkar party, the opposition factions were compulsorily grouped into two political groupings in 1973. The United Development Party (PPP) comprises Islamic groups and the Indonesian Democratic Party (PDI) brings together old nationalist and elite socialist interests. Although the names and symbols of these parties are very different from each other, the political ideology regulating the direction and nature of their activities is officially regulated and hence identical to the Golkar; all are committed to the 1945 Constitution and the State Ideology (Pancasila — belief in God, humanism, nationalism, democracy and social justice). With the leadership of the opposition manipulated by the powerful Ali Murtopo, Suharto's Information Minister, the candidates are in effect chosen through negotiations and bargaining. During the elections, the voters are asked to choose from among the three parties whose emblems only appear on ballot papers. The seats of a given district are divided proportionately after the ballots are counted. If a party gets, for example, five seats in a district, they are filled by the first five individuals on the party list submitted to the Election Institute. But which candidates should top the submitted list is virtually decided by the government. Twelve outspoken Muslim leaders were dropped this way from the PPP list in these elections to make way for more compliant 'Islamic' leaders; while second ranking Muslim leadership was kept out of the campaign through systematic detentions.

The opposition groups are not allowed into the rural areas except during the election campaign period, only military-approved bodies have this privilege. The army has been strengthening its presence in the villages in recent years. The village leadership now consists of a hand-picked local man as head, with a military official (BABNISA) at his right hand. Gatherings of more than a handful of people are banned and even strictly social events need an official permit.

The elections were called to elect representatives to the People's Consultative Assembly (MPR) and the House of Representatives (DPR). The new MPR will choose a President next year for the 1983-88 term of office. The President will then choose a vice-President. The armed forces (ABRI) do not take part in the elections but are given a third of the seats in the MPR, and 100 of the 460 seats in the DPR. According to Suharto, the ABRI's role in these bodies is that of a 'stabilizer' and 'dynamizer' in the implementation of their legislative tasks; and to control the primary functions of Parliament for the smooth and proper enactment of laws. There is general agreement that Suharto will continue as Head of State for a fourth term since one-third of the seats in the MPR are occupied by ABRI and the remainder monopolized by Golkar.

Suharto came to power as a result of a CIA-backed army coup in 1965 which eliminated most top generals, pro-Sukarno elements from the army, government and his left-wing supporters. Between half and one million people were killed in this 'anti-communist' crusade. The Muslim groups, not realizing the true nature of the conspiracy, sided with Suharto, only to be removed from places of significance once his pro-U.S. army elite had taken control of the country. General A.H. Nasution, regarded as an 'Islamic' leader and now an opponent of Suharto, played a key part in developing the so-called concept of 'dwi fungsi' (dual function) role for the army. Many other Muslim political leaders have continued to support the system by upholding their commitment to social change within the legal framework, while what is legal and permissible is continually decided by the regime alone.

The 350,000-strong armed forces (ABRI), in alliance with the civilian bureaucratic elite (KOPRI), through its 'functional group' Golkar, play a dominant role in the political, economic and social system created by the 'New Order' government of President Suharto. About 40,000 members of the armed forces are currently serving in non-military positions throughout the country. Half of the cabinet is made up of either serving or retired ABRI members and the all-important state secretariat is in the hands of the military. Almost 80 percent of the secretary and director-general posts (the key ministerial assistants) are occupied by army men. The three most powerful State companies, Pertamina (oil and gas) Bulog (rice), and Tambang Timah (tin), have soldier chiefs. In addition, military men control hundreds of companies which run everything from banks and insurance to buses, shipping and aircraft.

More than half of the governorships of Indonesia's 27 provinces are run by serving or retired military officers and the army has its own administrative system running parallel to that of the Ministry of Home Affairs down to sub-district level. The Army's Command for the Restoration of Security and Order (KOPTAMTIB) is so powerful that the opponents of the regime simply disappear without trace.

The media is in government control and so is the journalist association. Strikes are banned and workers do not have a right to form free trade unions.

Another element with overwhelming influence is the Christian missionary group. They operate through Suharto's wife who is a Catholic. These groups control the State security and intelligence services and are well represented in bureaucracy. Church missionaries, who have partitioned the country into zones of influence and activity, have a free hand in establishing schools, hospitals and even providing water and electricity to villages with finance coming from the Vatican, the U.S. and other western states and Churches. Their efforts to contain the Islamic movement in a country of 160 million, over 90 percent of whom are Muslim, takes various shapes. One of the recent methods has been to accuse any Islamic group calling for the application of the shariah of practising immoral acts of magic and gimmickry. This is designed to fool the Muslims inside and outside Indonesia.

CSO: 4220/211



STATISTICS SHOW OCCUPATION SHIFTS BY LABOR FORCE

Jakarta KOMPAS in Indonesian 15 May 82 pp 1, 12

Text Agriculture, which for centuries has been the mainstay of the majority of the Indonesian population, is steadily losing its appeal. This fact is apparent from the continued decline in percentage of the inhabitants engaged in this occupation, while the percentage in the sectors of services, industry, trade and construction has risen sharply, according to three latest censuses.

The symptoms of change in the formation of Indonesia's work force are not only visible from the change in population percentage based on job opportunities, but also from the change in population formation based on work categories.

According to the latest readjusted result of the 1980 census, those who are engaged in agriculture represent 54.8 percent of the entire work force, while the percentage stood at 64.2 percent during the 1971 census. This signifies a decline of 9.4 percent for the agricultural sector during the past decade.

By way of comparison, the 1961 census indicated that 71.9 percent of the entire work force were engaged in agricultural occupation, or a decline of 7.7 percent for the 1971 figure.

While inhabitants working in the farms are decreasing in number, more and more are entering other occupational sectors. The service sector, for instance, has registered an increase from 10 percent of the work force in 1971 to 15.1 percent in 1980. Likewise, the industrial sector has increased from 6.5 percent to 8.5 percent, trade from 10.3 percent to 12.9 percent, and construction from 1.6 percent to 3.1 percent during the corresponding period.

These facts show that job opportunities outside of the agricultural sector are becoming more and more open.

The change in composition of the population who work according to sphere of activity apparently runs parallel with the change in composition of the population who work according to type of activity, such as professional, sales, services, transportation operation and agricultural skill.

Those who worked as agricultural experts have dropped from 60.9 percent in 1971 to 55.5 percent in 1980. This sharp decline is contrasted by a steep rise in other fields.

Although its percentage is minute in comparison with the total work force, the number of professional experts registered an increase of 1 percent during the 1971-80 period, that is, from 2.1 percent in 1971 to 3.1 percent in 1980.

Sales people rose from 10.1 percent to 13.1 percent, transportation operators and production experts from 11.3 percent to 19 percent, while services rose from 3.8 percent to 4.7 percent.

According to the 1980 census, 104.4 million people are 10 years old or over, which means 70.8 percent of the entire population.

Compared with the result of the 1971 census, the people of "10 years old or over" age group who joined the work force have decreased, percentagewise. This decrease is not solely caused by large numbers of unemployed people, but rather by the fact that more and more people are extending their schooling or engaged in other activities.

The number of population who have joined the work force, that is, those who are gainfully employed or who are looking for jobs, covers 51.8 million, or 49.6 percent of the population who are 10 years old or over. Of the figure, 50.9 million are at work, and .9 million are unemployed. In the previous census, the work force totaled 51.3 million or 1.7 percent higher.

However, the decrease in percentage of the work force is caused not only by a decrease of gainfully employed people, but also by the glaring decline in percentage of job seekers, which is 3.6 percent—from 4.5 percent in 1971 to 0.9 percent in 1980.

On the other hand, the population outside of the work force has increased in number, which is attributable to an increasing number of people who further their schooling or who are involved in other activities. Specifically, those "10 years old or over" people who used to keep house have dropped from 24.5 percent to 21.5 percent, as more and more women are entering the job market.

According to the census, "10 years old or over" people who do not belong to the work force total 52.6 million or 50.4 percent of the entire group concerned. Of the figure, 18.2 percent are in school, 21.5 percent are housekeepers and 10.6 percent are engaged in other activities.

In line with the government effort to expand educational opportunities, the percentage of schooling population has increased during the past decade. An increase of 4.3 percent has been reached.

As regards the drop in percentage of homemakers, one of the causes is believed because more and more women are participating in outside employment. However, it is still the norm for Indonesian women, particularly married women, to prefer housekeeping to outside employment.

The data show that women's participation in work force has intensified since 1971, while the men's role has dropped considerably.

The increase is relatively small, from 33.1 percent in 1971 to 32 [sic] percent in 1980 for women. However, the men's participation in work force has dropped from 70.3 percent to 67.8 percent during the same period.

Although the women's entry into the job market in Indonesia is lower than other countries, this nevertheless shows an intensification of their role in public life.

A scrutiny reveals that women's active participation takes place when they reach the age between 15 and 54 years. For young women ranging between 10 and 14 years in age, their participation drops by 4.3 percent, from 13.7 percent to 9.4 percent, probably because many in this age group are still in school nowadays.

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CSO: 4213/60

GOVERNMENT CHARGED WITH MALPRACTICE

Kathmandu THE MOTHERLAND in English 26 Jun 82 p 3

[Editorial: "Mere Eyewash"]

[Text] In all fairness it can be said that the government is not serious about mitigating the suffering of the people because of the price rise that records new heights every day. Its efforts to tame the unscrupulous traders have gone in vain. Small wonder because the efforts were at best casual and half-hearted. All that has been done in this connection so far is to take some kind of administrative action against small businessmen or retailers. This does not mean to say that the action is not necessary, but that it is a wee bit when compared with the bunglings that goes on a larger scale. Intensified and serious-minded efforts which alone could curb the malpractice are nowhere to be seen.

More ominous is the fact that the government itself encourages malpractices. Sometimes it adopts policies designed for the purpose. And when its works out some kind of seemingly sensible policies, the same are implemented in such a way that the common man suffers at the hands of unscrupulous officials and businessmen.

CSO: 4220/211

GOVERNMENT ACCUSED OF CORRUPTION

Kathmandu THE MOTHERLAND in English 30 Jun 82 pp 1, 4

[Text] At the zero hour of the Rastriya Panchayat yesterday, several RP members raised matters which they claimed could put a question mark on the intention of the government. The matter concerned alleged irregularities in trade, export of timber, distribution of telephone lines, corruption at the Customs Office of the Tribhuvan International Airport and National Trading Ltd. as well as maintenance of law and order.

Answering questions on the occasion, Prime Minister Surya Bahadur Thapa said that it was well within the right of the Rastriya Panchayat to raise doubts at the intention of the government, but it was the people only who could take the decision.

RP member Pasupati Shumsher Rana recalled that two days before the new forest policy was announced, the government granted permission to a particular individual for export of 50 thousand cubic feet of timber, besides authorizing felling of trees for ten thousand trucks of firewood, and asked why was permission granted when the government knew that a new policy was in the offing.

Noting that the permission was granted by the Prime Minister and not the Forest Minister, he asked whether this did not constitute an interference in the right of the forest minister. Can such an interference be justified? Rana asked.

He also charged that the government was allowing the National Trading Lt. to indulge in irregularities in selling goods seized by the customs.

RP member Prakash Chandra Lohani said that permission to export timber was granted to a student studying in an overseas country. Does such an act fall within the rules? he queried.

He also recalled that in Kanchanpur district in the month of Poush 2038, license was granted for felling trees for one hundred thousand cubic feet of timber. The very next day however regulations prohibiting felling the trees was announced.

RP member Niranjan Thapa pointed out that corruption was rife at the Customs Office of the Tribhuvan International Airport. He cited a case in which the customs office allegedly weighed a shirt for five kg. weight.

RP member Rana Bahadur Shah alleged that there were irregularities in distribution of telephone lines at Siddharthanagar.

RP member Karna Hyoju recalled an incident which took place at Nalinchowk in Bhaktapur district in which passengers of a minibus were looted.

CSO: 4220/211

INDONESIA FACES 13 PERCENT INFLATION, \$2 BILLION DEFICIT

Jakarta KOMPAS in Indonesian 10 May 82 pp 1, 9

[Excerpts] In the current fiscal year of 1982-3, Indonesia's budget deficit will reach about \$2 billion, its economic growth rate 6.5 percent and its inflation 13 percent, Prof Dr Soemitro Djojohadikusumo told reporters after meeting with President Soeharto at Bina Graha Saturday afternoon.

Without explaining the subject matter he discussed with the Chief of State, Soemitro said that the deficit is caused by the unsettled world economic condition, while the 6.5 percent growth rate by the government's determination to make good use of the momentum of development. As regards the estimated 13 percent inflation, this is attributable to the price rise of oil fuel last January, the huge development costs and the sluggish Indonesian economy which is affected by the world recession.

Soemitro continued: "This is admittedly my worst projection, unless the present level of our non-oil export can be heightened. The situation is indeed serious, but not critical if we make timely policy adjustments."

Answering questions, Soemitro said that the deficit does not mean a reduction in foreign exchange, as it can be covered by means of such loans as "floating rate notes" made by the government recently; apart from that, it is estimated that interest accruing from foreign exchange reserves will fetch from \$1.5 to \$2 billion. All this can cover the deficit, although the foreign exchange will be lessened thereby.

He estimated that at the end of 1983, Indonesia's foreign exchange reserves will amount to about \$10 billion, made up of \$7.8 billion worth of foreign exchange reserves and an additional \$4 billion in the custody of commercial banks. With the deficit of \$828 million for 1981-2 and an estimated deficit of \$2 billion for 1982-3, which will be covered by interest of foreign exchange reserves overseas and through loans, there will still be a balance of \$10 billion at the end of 1983.

"Until now the foreign exchange reserves are not affected. Much will depend on world economic development in the coming six months, and we must be careful in making necessary preparations as we have been in the past two years until the third quarter of this year," he said.

Soemitro admitted that revenues from non-oil exports cannot be increased by magic in 1 or 2 years, but he was hopeful nonetheless. It is possible that exports of rejuvenated plantation produce may bring some result in the coming years.

He confirmed that production of Indonesian export commodities is rising steadily year after year, but the problem is that prices are low overseas due to world economic situation which, in his view, has hit depression level. "We cannot force them to buy our products at an expensive price," he added.

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CSO: 4213/60



DEVELOPMENT OF PLYWOOD INDUSTRY NOTED

Jakarta KOMPAS in Indonesian 19 May 82 pp 1, 12

[Excerpts] By now, obligatory contributions from the logging industry, amounting to 31 billion rupiahs have been utilized for the development of plywood factories. The release of the said funds is to help develop plywood industry in Indonesia.

Soedarsono Hadisapoetro, the minister of agriculture, made the remarks after a meeting with President Soeharto at Merdeka Palace on Tuesday, when he briefed the president on the current development of plywood industry in Indonesia.

A total of 61 billion rupiah obligatory contributions have been collected from about 500 forest concession license holders. For every cubic meter of log exported before the 3 ministers' joint directive took effect, each license holder is obliged to contribute 2,000 rupiahs. Of the total amount accumulated, 31 billion rupiahs have been released.

Answering questions from reporters, the minister said that the compulsory industrial contributions are deposited in a government bank, while the interest accruing therefrom is credited to the account of the donors respectively.

The release of the funds is regulated in stages. The first stage represents 50 percent of the total contributions, released at the start of construction of a plywood factory. The second stage, representing 25 percent, is released at the time of arrival of machinery, while the third stage, also 25 percent, at the completion of the factory.

It is estimated production of Indonesian plywood will reach 5,798,979 cubic meters by 1984. Of this total, 4,208,564 cubic meters will be exported abroad. At the present time, 40 plywood plants are already in production. Forty others are under construction, 7 of which will be completed this year. Three other factories will be finished in 1983.

The minister said that export of logs from Irian Jaya by forest concession license holders is still permitted, but limited in volume and tied to sawmill industry operation. The export of logs from Irian Jaya, restricted to

230,000 cubic meters per year, is still permissible until 1984. Thereafter, beginning 1985, no forest concession license holder will be permitted to export logs from Irian Jaya.

According to the minister of agriculture, log export from Iran Jaya is tied to development of sawmill industry with a minimum machine-made production of 12,000 cubic meters per year. However, no effort is being made to develop plywood factories in Irian Jaya, the minister added.

The minister continued that starting in 1982 the government prohibits the export of veneer, especially wet veneer, and in the following years the export of dry veneer will also be prohibited.

The minister explained that the export of veneer has intensified competition with the export of Indonesian plywood. It turns out that the exported veneer is processed further into plywood and sold as Indonesia's production.

He added that entrepreneurs who are producing veneer have been urged to equip their plants with machinery for the production of plywood, thereby enabling them to carry on further with their business activity and export plywood on their own.

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CSO: 4213/60

DEVELOPMENT OF AUTOMOTIVE INDUSTRY DISCUSSED

Jakarta KOMPAS in Indonesian 17 May 82 pp 1, 12

[Excerpts] By 1985 at the latest, all component parts of motor vehicles must be made domestically and thereafter all motor vehicle assembling plants will be obliged to make use of components produced within the country, said Minister of Industries A. R. Soehoed after reporting on intensification of industrial undertakings to President Soeharto at Bina Graha on Saturday. "At present, only a portion of the components are made in Indonesia and used as spare parts," he said.

According to Soehoed, the next problem involves the manufacture of engine, transmission and steering system. A number of licenses for the manufacture of engines and their assembling have been granted. The aim of assembling is to train the workers.

He added that after 2 years' experience in assembling engines, automotive plants are expected to import engines in cast iron form which are to be lathed within the country. It is estimated that this phase will require 1 and 1/2 to 2 years.

In the third phase, the enterprises concerned will be prepared to make foundries and forges in the country, the products of which will be used by automotive plants here.

The minister explained that the entire process will require 5 to 6 years, so it is estimated that Indonesia will be capable of producing engines for motor vehicles in 1987 or 1988.

With the impending completion of olielin [sic] and alkali factories several years later, demand for industrial salts will increase, the minister said. It is estimated that in 1985 Indonesia will require 750,000 ton industrial salts per year. Present production of Indonesian salt is about 350,000 tons per year.

Due to limitation in climate and area, expansion of the salt factory on Madura Island is no longer possible. Therefore, a study is being made concerning the feasibility of producing salt in the East Lesser Sundas or East Timor. If feasible, salt factories will be constructed on an extensive scale in the East Lesser Sundas, Soehoed added.

As to the PT Krakatau Steel, Soehoed said that this steel mill is developing into a "truly integrated" system, because next year PT Krakatau Steel will be equipped with a factory to produce basic materials for the manufacture of steel sheets as well as a steel sheet factory itself.

It is hoped that the entire process will be completed within three years, so PT Krakatau Steel will become a steel mill that can produce all industrial requirements.

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CSO: 4213/60

## BIRTH RATE HIGHEST IN SUMATRA

Jakarta KOMPAS in Indonesian 12 May 82 pp 1, 9

Excerpts Mothers in Sumatra have more children than those on any other island. This fact is reflected in statistics showing a high birth rate in Sumatra, based on the averaged number of living children born to a married woman who has now passed fertility age.

The number of living children born to a Sumatran woman who has now reached the age of 45-49 years averages more than six. The women of 45-49 years of age is taken as an example because at this age group she has passed her fertility. In other words, the possibility of her having another baby is very remote, if not nil.

Compared with those living in the countryside, Sumatran mothers in the cities produce more children. Based on the result of the 1980 census, children born and bred in Sumatran urban areas number more than seven per household, as compared with six in the rural areas.

Several factors may be presumed for the relatively large households in the urban areas. Facts show that, in general, economic standards, awareness to health and education are better, as compared with the corresponding conditions in the countryside.

The available data shows that there are more young, unmarried women living in the cities than in the villages. For instance, according to the 1980 census, 82 percent of unmarried women ranging between 15 and 19 years in age live in the cities, against 70 percent in the countryside. There is also a difference in marriage age: On the average, city women get married when they have reached the age of 21.8 years, while country women 20 years.

The above situation holds true not only in Sumatra, but also for other islands/provinces throughout Indonesia, thus becoming a valid general pattern.

Next to Sumatra, Bali, the West Lesser Sundas, the East Lesser Sundas, the Moluccas and Irian Jaya also have high birth rates, averaging six children per family, irrespective of locality. The situation is similar with Sumatra's. Urban women now in the 45-49 age group have more than seven living children each, while those in the countryside have less than six on the average.

Then come Sulawesi and Kalimantan, where on the average the women produce nearly six children each, irrespective of locality. For the urban areas of Sulawesi, the figure stands at 6.5. This means that the mothers each produce between six and seven living children, while in the countryside, the average number of living children is less than six persons.

Judging by the figures collated from various islands, it turns out that Java has the lowest birth rate. On the average, the number of living children born in urban or rural Java alike hovers around five persons.

On a provincial scale, West Java has the highest average, with six living children, while East Java holds the lowest position, hovering between four and five children.

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CSO: 4213/60

## KING MAKES POLICY SPEECH

Kathmandu THE RISING NEPAL in English 26 Jun 82 pp 1, 6

[Text] Kathmandu, June 25: His Majesty the King, addressing the 33rd session of the Rashtriya Panchayat today at Singha Durbar Gallery Hall, declared that experience gained over the years has made it evident that the safeguard of our national independence and the country's all-round development are possible only through the medium of the Panchayat System, which, after overcoming various challenges, has reached the present stage of success with broad and popular support of the people. The national polity has, following the national referendum and the elections of village, town, district panchayats and Rashtriya Panchayat, specifically assumed very important dimensions, His Majesty the King also emphasised.

Against the background of "today's national and international situations", His Majesty the King underlined the need for "all Nepalese to be alert and think, before we act, whether our activities are going to be in the common and larger interest of the nation." In this connection, His Majesty the King stated that "the primary objective behind the new endeavour to mobilise the society by bringing about a new sense of values on the question of economic development is to uplift the living standard of the common masses as early as possible."

Referring to the Constitutional reforms and general election reforms and general election concluded last year in a peaceful manner, His Majesty the King declared that "it is naturally satisfying for Us to note that during the past two or three years when the nation was engaged in important and far-reaching political exercises, Our people with their active participation, patience, discipline and restraint lent a considerable strength to the promotion and consolidation of the System, thus contributing to our national unity and well-being." His Majesty added: "The elections of various units of the partyless democratic Panchayat System held after the Third Amendment of the Constitution have enabled the young generation to join the System in larger numbers. This, His Majesty the King observed, "will further help in enlisting active popular participation in resource mobilization and project implementation."

Describing the "greatest challenge confronting the nation today" as that of economic development, His Majesty expressed the point that "we view it not in isolation but in a comprehensive and broader perspective" mobilising not only the Government but also "the other important units of the system--the village, town and district panchayats, the class organisations and all the people."

Stating that "Our policies, plans and programmes should be geared to attain" the "political, economic, social and development goals" set forth in the Constitution, His Majesty the King asserted that "My Government realises the need, on our part, to adopt new values and new outlooks." His Majesty the King went on to add that "My Government is also determined to push forward its development programmes on the basis of providing equal opportunities to people of all parts of the country and securing a balanced regional development as emphasised in the Constitution."

#### Decentralisation

Describing decentralisation as a "basis" of the Panchayat System, His Majesty the King stressed the fact that the "people can be effectively mobilised in their entirety to take up the present challenge of national development" if all the units of the national polity--the ward, village, town and district-level units--are made "more active and strong by developing their personalities with necessary rights".

"Keeping this very fact in mind, and with a view to clearly defining the rights and responsibilities of the lowest units of the Panchayat System, upto the ward-level," His Majesty the King declared, "My Government will table a bill in the current session of the Rashtriya Panchayat to implement the decentralisation scheme."

His Majesty the King referred to His Majesty's Government's Special Economic Programme and stated that, "keeping the resolutions adopted by the Central Pancha Convention in mind, has already initiated measures to implement them."

Underlining the importance of the agricultural sector, His Majesty the King said that "it is but natural for My Government to lay continued stress on the development of agriculture." Keeping its diversified character in mind, His Majesty the King stated that "experience calls for an integrated approach with simultaneous development of other related sectors in order to move ahead in this area."

On the subject of forest conservation, His Majesty the King declared that "My Government has decided to impose restrictions on the export of timber and firewood." As such, "the felling of trees for export purposes will be prohibited".

#### Water Resources

On the utilisation of Nepal's vast water resources, His Majesty the King declared that "My Government has made a policy to formulate and implement a long-term programme" for which "it has become necessary for us today to prepare a national land-use plan under which agriculture and irrigation facilities should be developed."

On the population problem, "which is getting very acute", His Majesty the King referred to the constitution of the National Population Commission for "finding out solutions to the fast rate of population growth on the basis of a broad national perspective".

On the industries front, His Majesty the King stated that measures had already been taken to define the role of public as well as private sectors, adding that



"the activities of the private sector have remained confined to the field of trade and commerce alone." In this context, His Majesty the King added: "As matters stand today, private sectors also can bear greater responsibility in the management and development of irrigation, transportation, electricity, afforestation and construction works as well. The resources until now flowing exclusively to the field of trade and commerce can be diverted and the private capital and management skill can be channeled towards still more productive areas of our economy through appropriate economic and other policies".

Stating that "at the current stage of our development it is but natural that we need external resources", His Majesty the King stressed the need to improve our capacity to absorb such resources, adding that "foreign aid should be sought in the high priority areas and should be utilised as much as possible in productive sectors or in those areas directly linked with production." Also, financial discipline should be maintained and society "should follow a course of austerity."

#### Pay Commission

On the subject of general administration, His Majesty the King declared that "the rights and duties of all government employees--up from the centre down to the lowest level--will be well specified and a condition will be created for every one of them to bear his responsibility by introducing necessary changes in the present working pattern."

Stating that His Majesty's Government had made "all possible arrangements in the current fiscal year for the benefit of government employees", His Majesty the King referred to the constitution of a Pay Commission and said that "My Government wishes to go ahead with whatever else is possible".

Stating that "development projects will be put to work with timely provision of necessary man-power and construction materials together with popular participation and support", His Majesty the King declared that "My Government will remain active in checking the artificial price-rise and shortage of essential commodities which affect common people." His Majesty's Government could also "control with determination malpractices such as corruption."

Referring to the fact that His Majesty's Government had already put into effect some of the recommendations of the Royal Press Commission, His Majesty the King disclosed that "My Government will table a bill in the current session of the Rashtriya Panchayat in order to introduce changes, as suggested by the Commission, in the Press Act.

In the sphere of foreign relations, His Majesty the King emphasised that "the fundamental objectives of My Government's foreign policy will be to protect and promote the national interests, to play an active role in strengthening the causes of international peace, cooperation and goodwill, and to consistently endeavour with a view to make Nepal a Zone of Peace adhering to the basic ideals of the United Nations and the principles of non-alignment."

For the purpose of increasing the area of mutual cooperation among nations of South Asia, His Majesty the King reminded all that "My Government has remained active in making the Regional Cooperation Programme a success". Priority would also be accorded "to maintain close relationship with our friendly neighbours, India and China."

On the Middle East problem, His Majesty the King declared that "all countries of the region, including Israel, should have the right to live in peace within secured boundaries" with His Majesty's Government holding the view that "the Palestinian people's right to a separate and independent state and the participation of the Palestine Liberation Organisation, the only legitimate representative organisation of the Palestinian people, in conferences to be convened for a comprehensive settlement of the Middle East problem must be recognised."

His Majesty the King also declared that "We firmly stand on our views and policies that no foreign forces should be present in any country. My Government has always been expressing its opinion that such foreign forces, where ever they may be, should be withdrawn immediately and unconditionally and that no exception should be entertained in this matter".

The following is the full text of the Royal Address:

Mr. Chairman and Members of the Rashtriya Panchayat,

In accordance with the wishes of Our beloved countrymen suitable reforms were incorporated in the Constitution on the basis of which a general election was concluded last year in a peaceful manner with wide popular participation, and subsequently, a Council of Ministers responsible to the Rashtriya Panchayat was constituted. In continuation of this process, recently, elections of village panchayats, town panchayats and district panchayats have also been successfully completed. Similarly, district-level units of various class organizations have also been formed and processes to constitute central and zonal-level organizations are underway. It is naturally satisfying for Us to note that during the past two to three years when the nation was engaged in important and far-reaching political exercises, Our people with their active participation, patience, discipline and restraint lent a considerable strength to the promotion and consolidation of the System, thus contributing to our national unity and well-being. The elections of various units of the partyless democratic Panchayat System held after the Third Amendment of the Constitution have enabled the young generation to join the System in larger numbers. This, We feel, will further help in enlisting active popular participation in resource mobilization and project implementation.

The greatest challenge confronting the nation today is that of economic development. The challenge lies in taking advantage of the changed context and circumstance in accelerating the pace of development programmes. My Government is determined to take up this challenge. The other important units of the system--the village, town and district panchayats, the class organizations and all the people should, likewise, face this challenge with determination.

While considering the question of economic development in the present context, it seems necessary that we view it not in insolation but in a comprehensive and broader

perspective. In fact, the pre-requisite for development would be to generate in the entire society an overriding urge for development and a sense of total dedication. Past experiences have made it evident that rational development cannot be effectively carried forward without generating in the society a new sense of awareness and urgency for development, without bringing about a change in the thinking and outlook towards the programme implementation, and without improving the working method and style.

As regards the economic development, everybody should pay attention to the ideals set forth in the Constitution. The Constitution is clear about our political, economic, social and development goals. Our policies, plans and programmes should be geared to attain these objectives. Even in the context of the basic objectives of establishing a democratic, just, dynamic and exploitation-free society as enshrined in our Constitution, My Government realises the need, on our part, to adopt new values and new outlooks.

The Constitution envisages to create a dynamic society free from exploitation and economic pressure by one class upon the other by developing private enterprises and cooperative institutions with effective coordination. My Government is also determined to push forward its development programmes on the basis of providing equal opportunities to people of all parts of the country and securing a balanced regional development as emphasized in the Constitution.

Decentralization constitutes a basis of the Panchayat System. In a situation like ours, national development works can be carried forward through this medium alone by enlisting wide and extensive popular participation and by developing, on institutional basis, the lower units of the Panchayat System--the ward, village, town and district--level units and by making them aware of their rights and responsibilities. People can be effectively mobilised in their entirety to take up the present challenge of national development if these units are made more active and strong by developing their personalities with necessary rights. Keeping this very fact in mind, and with a view to clearly defining the rights and responsibilities of the lowest units of the Panchayat System, upto the ward-level, My Government will table a bill in the current session of the Rashtriya Panchayat to implement the decentralization scheme.

We had last year apprised the Thirty-second Session of the Rashtriya Panchayat of My Government's plan to initiate a substantive programme of action in the economic field. A Special Economic Programme has accordingly been published. My Government, also keeping the resolutions adopted by the Central Pancha Convention in mind, has already initiated measures to implement them. As this will constitute the main basis of the annual programme, it will be implemented in an effective manner.

The primary requirement today is to raise national production by putting the economy on a right track. My Government, has, in this connection, decided to abandon all economic and trade policies which are not in conformity with our national economy. My Government is also determined to take other necessary measures in this regard.

In a developing country like ours, if problems relating to development have existed since long, many more are being added to them as a result of increasing population pressure. This has made the process of development all the more complex. Activities such as deforestation for the sake of cultivation have given rise to the problems relating to low fertility, soil conservation, environment and energy. We have now no other choice than to confront these problems.

Our country being primarily agricultural, it is but natural for My Government to lay continued stress on the development of agriculture. But as agriculture is so diversified in character, experience calls for an integrated approach with simultaneous development of other related sectors in order to move ahead in this area. Therefore activities such as the protection of tenancy rights under the Land Reform Programme, making the land acquired as surplus to fixed ceiling available to the farmers, provision of soil conservation and irrigation; distribution of fertilizers, seeds, insecticides and easy agricultural loans channelized through the active and efficient cooperative institutions should proceed side by side in a well coordinated manner. In view of the relatively better development of infrastructures in many areas the possibility of achieving the targets set in the agricultural sector of the Sixth Plan being certain, My Government has accordingly revised the agricultural development programme.

With a view to improving forest conservation to resolve the ecological problems as well as soil erosion, My Government had decided to impose restrictions on the export of timber and fire-wood. Timber will now be available for development and construction purposes only and for meeting the consumers' needs in general. Felling of trees for export purposes will be prohibited. My Government has initiated an extensive afforestation programme with a scheme to enlist the participation of the panchayat and private sectors in it.

The water resources constitute our vast wealth. With a view to making maximum utilization of this resource, My Government has made a policy to formulate and implement a long-term programme. In the present situation it has become necessary for us today to prepare a national land-use plan under which agriculture and irrigation facilities should be developed. As the process of development mainly based on agriculture alone will not be adequate to meet all our future needs, My Government will give a thought to the need of restructuring our economy in the light of the new possibilities opened up by our water resources.

The population problem, which is getting very acute, has also received My Government's attention. A Population Commission has been constituted with a view to finding out solutions to the fast rate of population growth on the basis of a broad national perspective. As for the immediate problems, it has become necessary to find out other alternative sources of employment especially in the hilly and rural areas as agriculture alone cannot cater the demands of the growing population. Convinced that the small-scale industry has a useful role to play in this respect, My Government is determined to take effective measures to develop and popularise small-scale industries by using indigenous raw materials and skill. This may as well exercise a control on the problem of migration from one region to another.

In the prevailing situation, there appears to be no alternative to industrialization for raising the living standard of the people. In an under-developed economy like ours, industries based on local raw materials naturally enjoy greater prospects. My

Government will therefore take early measures to establish industries based on agricultural, mineral and forest produce as well as the development of tourist industries, under both private and public sectors, by according them all necessary facilities.

My Government has taken measures to define the role of public as well as private sectors. Presently, the activities of the private sector have remained confined to the field of trade and commerce alone. As affairs stand today, private sectors also can bear greater responsibility in the management and development of irrigation, transportation, electricity, afforestation and construction works as well. The resources until now flowing exclusively to the field of trade and commerce can be diverted and the private capital and management skill can be channeled towards still more productive areas of our economy through appropriate economic and other policies. My Government will therefore be more effortful to secure private sector's participation in various development activities.

Resource mobilization at its maximum is required for any economic development. It is on this account that the administrative and panchayat units at all levels have to lay a special stress on the mobilization of the internal resources. At the current stage of our development it is but natural that we need external resources as well. What is required today is to improve our capacity to absorb such resources. Foreign aid should be sought in the high priority areas and should be utilized as much as possible in productive sectors or in those areas directly linked with production. My Government will adopt a suitable policy to this effect.

A check in the misuse of resources is as important as tapping new resources. Financial discipline should be firmly maintained for the maximum utilization of the resources. In today's situation which demands more savings for development works, society should follow a course of austerity.

My Government has taken various measures to make the administrative machinery effective, dynamic and development-oriented for a successful implementation of the development works. This will be a continuing process. The rights and duties of all government employees--up from the centre down to the lowest level--will be well specified and a condition will be created for every one of them to bear his responsibility by introducing necessary changes in the present working pattern. My Government has made all possible arrangements in the current fiscal year for the benefit of government employees. A Pay Commission has been constituted in this connection and My Government wishes to go ahead with whatever else is possible. My Government will take various measures to maintain a situation where officials will remain duty-bound and honest, bear their responsibilities as expected and will afford no opportunity for complaint.

Formation of economic development programmes alone is not enough. Arrangements should be made to provide logistical support and to activate every one on the go for a successful implementation of the programme. In this context, My Government feels the need to visualise the problems likely to come up during implementation of the projects before they are finalised. For the purpose of effective implementation of the projects, improvements will also be made on the relevant rules and regulations with a view to clearly defining the rights and duties. Development



projects will be put to work with timely provision of necessary manpower and construction materials together with popular participation and support. In order to strengthen the decentralization scheme and facilitate project implementation, My Government will henceforth make the grants to the schools available to their management committees so that they could be made self-reliant by enlisting public support.

In order to facilitate development works and also in the interest of public convenience, qualitative improvement will be made in such essential services as telecommunications, postal services, transportation, drinking water, electricity and health. My Government will remain active in checking the artificial price-rise and shortage of essential commodities which affect common people. My Government will control with determination malpractices such as corruption.

As national development is not possible without law and order, My Government will pay attention to increase the effectiveness of defence and security measures. My Government views that law and order would get much more strengthened if the administration could be kept efficient and aware of the hardships suffered by the common mass, and if the financial hardships of the people could be reduced by pushing the development works forward.

Mindful of the fact that the Press has important contributions to make in the promotion of democracy and national development, a Royal Press Commission had been constituted to suggest essential measures for the development of Nepalese Press. A majority of their recommendations having been found useful, My Government has already put some of them into effect. My Government will table a bill in the current session of the Rashtriya Panchayat in order to introduce changes, as suggested by the Commission, in the Press Act. My Government will take further steps to gradually implement other recommendations of the Commission.

The fundamental objectives of My Government's foreign policy will be to protect and promote the national interests, to play an active role in strengthening the causes of international peace, cooperation and goodwill, and to consistently endeavour with a view to make Nepal a Zone of Peace adhering to the basic ideals of the United Nations and the principles of non-alignment. My Government will always remain active in having Nepal established as a Zone of Peace in accordance with the aspirations of the Nepalese people and the Directive Principles of our Constitution.

With a view to enlarging the area of mutual cooperation among nations of South Asia, My Government has remained active in making the Regional Cooperation Programme a success. The Second Meeting on South Asia Regional Cooperation was successfully concluded in Nepal. This has helped the programme of cooperation to move further ahead.

We were requested last year to address, on behalf of the nine least developed countries of Asia and the Pacific region, a Conference held in Paris under the auspices of the United Nations. While presenting the common problems of underdevelopment shared by these countries before the Conference, We drew the attention of the international community to the need to remove the growing economic disparities among nations of the world.

The talks that We have had in Paris, on the occasion, with His Excellency President Zia-Ul-Haq during our informal visit to Pakistan have promoted the understanding between Nepal and those countries.

My Government will, as usual, accord priority to maintain close relationship with our friendly neighbours, India and China. The President of India, His Excellency Mr. Neelam Sanjiva Reddy's visit to Nepal last year has helped further develop the relationship between Nepal and India. Similarly, as a result of the visits paid to Nepal last year by the Prime Minister of the Democratic People's Republic of Korea and by the First Vice-President of the Soviet Union, understanding between Nepal and those countries has been further promoted.

A failure so far to find out a solution to the Middle East problem has been a matter of continued concern with regard to world peace. My Government is of the opinion that all countries of the region, including Israel, should have the right to live in peace within secured boundaries. My Government accordingly holds the view that the Palestinian people's right to a separate and independent state and the participation of the Palestine Liberation Organization, the only legitimate representative organization of the Palestinian people, in conferences to be convened for a comprehensive settlement of the Middle East problem must be recognized. My Government is of the opinion that war between Iraq and Iran, members of the non-aligned group, should also be solved in a peaceful manner.

My Government has always voiced its opposition to imperialism, colonialism, expansionism, racial discrimination and apartheid and such other undesirable anomalies in whatever form or where ever they may be. We firmly stand on our views and policies that no foreign forces should be present in any country. My Government has always been expressing its opinion that such foreign forces, wherever they may be, should be withdrawn immediately and unconditionally and that no exception should be entertained in this matter.

My Government continues its cooperation in the establishment of peace in Lebanon by providing contingents of Royal Nepalese Army at the request of the United Nations.

With a view to assisting Nepal's development efforts, My Government will remain effortful to obtain cooperation from friendly countries and international organizations. We express our gratitude to all these friendly nations and international organizations which have, until now, been extending their cooperation in the development works of Nepal.

Finally, in accordance with the aspirations of the entire Nepalese people, the Panchayat System has, after overcoming various challenges, reached the present stage of success with broad and popular support of the people. Following the national referendum and the elections of village, town, district panchayats and Rashtriya Panchayat, it has specifically assumed very important dimensions. Experience gained over the years has made this fact evident that the safeguard of our national independence and the country's all-round development are possible only through the medium of this System. Today's national and international situations demand that we all Nepalese be on the alert and think, before we act, whether our

activities are going to be in the common and larger interest of the nation. The primary objective behind the new endeavour to mobilise the society by bringing about a new outlook and a new sense of values on the question of economic development is to uplift the living standard of the common masses as early as possible. It is Our wish that all Nepalese march ahead in a spirit of greater mutual trust and cooperation with total dedication to the cause of national development for the welfare of the common masses realising the fact that every citizen of the country has a responsibility towards his motherland brought to bear upon him by history today. We hope that My Government will receive, as ever, cooperation from all in the discharge of its duties for the welfare of the nation and its development.

May Lord Pashupatinath bless us all!

Jai Nepal!

CSO: 4220/211



# SCRUTINY OF INDO-PAKISTAN RELATIONS; GOOD PROSPECTS FOR PACT SUGGESTED

New Delhi INDIA TODAY in English 30 Jun 82 pp 62-63

[Text] IN THE subcontinent, the wheels of amity grind but slowly. India and Pakistan fought four wars in 34 years; it is utopian to expect the conflicted twain to rush to the bucolic goal of treaty-bound peace. Prime Minister Indira Gandhi took three months to reply to a cordial and constructive letter from President Zia-ul-Haq. Since there is no Indian ambassador in Islamabad, she sent her reply through K. Natwar Singh, secretary in the foreign office in charge of Pakistan, Afghan and Persian Gulf affairs. Singh was received by Zia with a warmth which belied impressions that the Pakistani leader had been stalling the process of negotiation between the two countries for a no-war treaty.

As he read Mrs Gandhi's letter, Zia beamed. The prime minister had taken a positive stand, and the communication breathed cordiality. Natwar Singh returned to New Delhi on the morning of June 2 with his portfolio bulging with goodwill. But the second round of negotiations between India and Pakistan is now to be held very soon. No date has been fixed. Early August, after Mrs Gandhi's return from Washington, is a safer guess than early July.

In the subcontinent, diplomacy is conducted with noisy silences. The noise is made by reporters; the silence is the property of governments. While in the United States, nothing remains secret in the world of foreign policy, in the subcontinent little is known until and unless officialdom pleases to share information with the public. The official "smokesman" of the foreign office artfully kept the contents of Mrs Gandhi's letter to Zia concealed from the people; enterprising reporters spun out yards of moonshine prose to hide the fact that they did not know what their prime minister had told the President of

Pakistan. Still they almost unanimously announced that Mrs Gandhi—and India—had taken the "initiative" to break the logjam in the talks.

**Equal Responsibility:** The truth was different. In the current India-Pakistan diplomatic dialogue, neither party can be exclusively hailed for an initiative nor blamed for a deadlock. The two parties are equally responsible for both. If they seem to be taking two steps backward after one step forward, they are keeping in step with one another. In other words, the dialogue has now become a web. Neither Pakistan nor India can break loose from it. They can, and they will, stall. But it looks as if the two are at long last doomed to sign a no-war treaty before the end of 1982 and keep talking about a friendship pact.

Before explaining why, it is necessary to listen to what India and Pakistan have been telling one another. On February 1, the then Pakistani foreign minister, Agha Shahi, left Delhi at the end of his talks with the Indian Minister for External Affairs P.V. Narasimha Rao. Within a few hours of Shahi's departure, Rao reported to the Lok Sabha on the talks. "Mr Shahi's visit afforded the first opportunity to hold direct and in-depth discussions on the proposal for the conclusion of an agreement on non-aggression and non-use of force between India and Pakistan," Rao told an eager House. He disclosed that India had sent to Pakistan an *aide memoire* on this subject on December 24, 1981, and had received an *aide memoire* from Pakistan on January 12. He said that "after the discussions between the two sides, we are now in a position to undertake specific consideration of the elements which would constitute the substance of a no-war pact or an agreement on non-aggression and non-use of force." He announced that the second round of talks would take place in Islamabad at foreign secretary level in the first week of March.

On February 21, Zia wrote a warm and cordial letter to Indira Gandhi. He had received from Shahi a full report of the New Delhi talks and was particularly pleased to learn that "Madame Prime Minister" had bestowed upon the dialogue her personal blessing. Zia said that he was certain that the conclusion of a no-war pact between Pakistan and India would alter the strategic scenario in the entire region. He welcomed Mrs Gandhi's suggestion that the two countries set up a joint commission and described it as a positive step. He hoped that the negotiations would proceed on the lines of the understanding reached between the foreign ministers as a result of their talks, and that the dialogue would not be interrupted by any external or internal circumstance. As evidence of his desire to improve India-Pakistan relations, Zia informed Mrs Gandhi that he had ordered that postal rates to India be cut by 15 per cent.

**Friendship Treaty:** Neither Zia in his letter nor Rao in his report to the Lok Sabha made any reference to a friendship treaty, for the simple reason that India did not formally offer a friendship treaty to Pakistan at any stage of the dialogue till the prime minister's letter of May 31. The idea of a treaty of peace and friendship was thrown at Pakistani correspondents by Mrs Gandhi rather sportingly shortly before Shahi's departure from Delhi. If it were meant to be a formal proposal, Rao would have included it in his report to the Lok Sabha. The fact

is that neither verbally nor in writing did India suggest a friendship treaty to Pakistan till the end of May.

Zia's letter to Mrs Gandhi was written three days after the exchanges between the Pakistani delegate, Agha Hilaly, and the Indian representative, B.R. Bhagat at the UN Human Rights Commission in Geneva. Verbatim report of the exchanges is now available at the UN office in New Delhi. On February 25, Rao, responding to a call-attention question in the Lok Sabha, observed: "We have carefully studied Mr Agha Hilaly's statement. It is inconceivable that so senior and experienced a diplomat, who has served as his country's high commissioner to India, could have made such a statement without the prior approval of the Government of Pakistan, who could not have failed to anticipate the strong reaction in India."

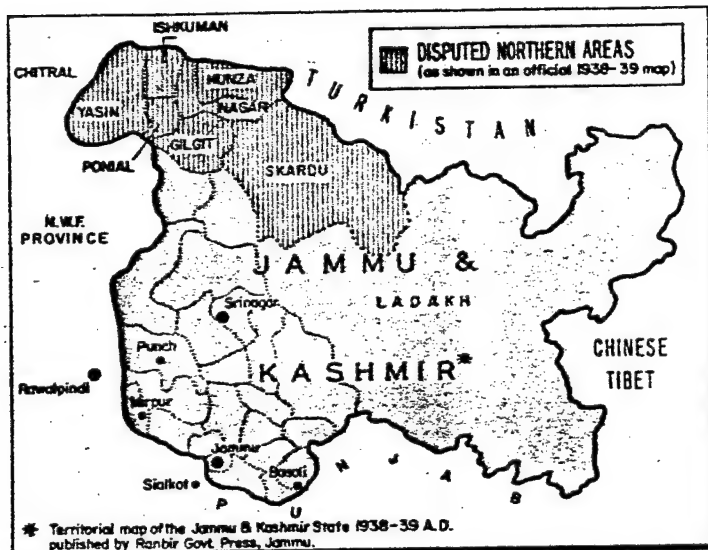
The Indian Government therefore decided to postpone "for the time being" the foreign secretary's journey to Islamabad for the second round of talks. A protest was lodged with the Pakistani Government. The fact that Zia's letter to Mrs Gandhi had followed Agha Hilaly's remarks in Geneva was either ignored or considered insufficient evidence of Pakistan's sincerity and goodwill. The possibility that the Pakistani and Indian delegates to the Human Rights Commission had unwittingly provoked one another to fight a verbal duel over Kashmir, and that both spoke mainly with the home audiences in mind was apparently dismissed when the Indian Government interpreted the Hilaly statement and put the dialogue in the freezer.

**Diversionsary Moves:** As both sides blamed each other for stalling, each expressed hope that the dialogue would be resumed soon. There was no lack of diversionsary moves on either side. Zia permitted three territories in the Jammu and Kashmir region, Gilgit, Hunza and Skardu, whose legal status is in dispute, to send "observers" to the hand-picked Majlis-i-Shoora. India lodged a cosmetic protest, wondering, at the same time, if the President was not moving in his own way towards accepting the prevailing political and military realities in Kashmir.

Meanwhile, Pakistan's new Foreign Minister, Shahabzada Yakub Khan, who seems to be more confident than his predecessor of his grip on Islamabad's external policy, chose Beijing to be the capital of his first trip abroad after assuming office. There, conversations between Khan and the Chinese leaders produced a jelled Sino-Pakistani approach towards improving ties with India: cautious, step-by-step movement towards amity without abandoning established policies or values, but ready to pursue give-and-take tactics. Mrs Gandhi, on her own part, went to Saudi Arabia with a view to conquering the minds and purses of the oil-rich princes. She told them that India had offered a treaty of peace and friendship to Pakistan, and got this written into the joint communiqué issued at the end of her visit.

The prime minister's diplomatic offensive wrested from the reticent Khan the first authoritative Pakistani statement on the concept of a friendship treaty. "We feel convinced," said he on May 15, "that the interest of both countries will be served by the early conclusion of the proposed non-aggression pact. The requisite ground for the promotion of mutual friendship and cooperation can be effectively prepared through this approach."

**Principal Objective:** Khan added: "The idea of a treaty of peace and friendship was mentioned by the Indian prime minister to Pakistani journalists in the course of a discussion on the nature and scope of the Indo-Soviet treaty of 1971. However, the matter was not pursued as it was realised that such a treaty was premature. The principal objective of the non-aggression pact was to create the necessary atmosphere of mutual trust and confidence in the context of which alone could such a treaty acquire relevance." He implied that a no-war pact and the joint commission (about which he said there



was "no element of doubt or ambiguity") would help create the kind of strategic harmony on which alone could a treaty of friendship and cooperation be mounted.

Mrs Gandhi in her letter to Zia has (according to reliable sources) made six points. First, she repeated her assurance that India regarded a stable and prosperous Pakistan highly and would never attack the neighbouring country. Secondly, India, she said, would be ready to resume negotiations for a no-war or non-aggression treaty as soon as arrangements could be mutually agreed upon for the next round in Islamabad. Thirdly, the next round should aim at finding common ground between Indian and Pakistani concepts of a non-aggression treaty.

Fourthly, as negotiations proceeded, the two countries should agree to set up the joint commission but it should not be made conditional on the no-war pact. Fifthly, her offer of a friendship and cooperation treaty stood and this was what the two countries must aim at as soon as the necessary ambience had been created. And, finally, both countries must strictly adhere to the letter and spirit of the Simla Agreement and refrain from doing or saying anything that might be construed as offensive to that accord. Mrs Gandhi's letter was couched in friendly and polite language, of course; she defended the postponement of the second round as a result of Hilaly's references to Kashmir in Geneva.

**Motivation:** The question that was asked avidly in New Delhi's diplomatic community was: what exactly motivated Mrs Gandhi's letter to Zia? Various answers were suggested. Some argued that having committed herself to the Saudi princes that India would pursue the quest for amity with Pakistan, the prime minister had to lift the embargo and get the dialogue going again. Others believed that the letter to Zia was part of Mrs Gandhi's environment-building for her trip to Washington.

She must also have had in her mind the major shift in the balance of power in south-west Asia that will follow a decisive Iranian victory in the 20-month-old war with Iraq and a probable regime change in Baghdad. Both India and Pakistan have been backing the Gulf Cooperation Council (GCC) which is strongly opposed by Iran with the support of the "steadfast group" of Arab nations—Syria, Libya, Algeria, Yemen and the Palestine Liberation Organisation.

This confrontation has suddenly gifted Moscow its moment in the Persian Gulf and the Middle East. Saudi Arabia, Kuwait and other Gulf sheikdoms are seeking Soviet help to bring the war to an end. A Soviet "Tashkent" in the Persian Gulf will have a profound impact on the balance of power in south and south-west Asia. It seems that both Mrs Gandhi and Zia realise that this is the time to bridge the India-Pakistan strategic divide that has enabled external powers to intervene in the subcontinent's affairs.

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## 'TYRANNY OF THE PSEUDO-RELIGIOUS' RESENTED

Lahore VIEWPOINT in English 10 Jun 82 p 7

[Text]

ACTS of organised violence against boys and girls of tender age are not unknown in our society. We have heard about the forced labour camps, the dens of beggar-thugs where children are maimed for life, the gangs of kidnappers who act as suppliers to brothels and 'slave markets, and the practice of chaining the mentally sick in asylums and at 'mazars'. All such forms of exploitation of the child, its person and labour, have been condemned in the strongest possible terms by the public and the administration alike and their eradication figures high on the priority list of social reformers. But now a far more heinous use of violence on children has been reported.

A local contemporary has revealed the existence of a religious school at a mosque where children are punished by being chained to their stools. According to the writer of the feature, the "thick and heavy iron chains" looked like those used to tether wild buffaloes and locks on them were also strong and heavy. Further, the writer reported that he found the arm of a boy severely injured and guessed that the four feet long and 1.5 inch thick cane lying nearby was the instrument of torture. Some other notable aspects of this so-called school, as revealed in the report, are: that there is a mosque which can be kept locked and used as a private establishment; that children enrolled as pupils are made to cook food and

render personal service to the director; and that the director has applied to some organisations for an increase in his 'grant'.

## Veracity

We have no reason to doubt the veracity of the reporter or the honesty of the photographer who has supported the text with pictures. Indeed, they deserve a medal from the country's Press for having provided one justification for its existence and its claim to freedom. The heart-rending disclosure must have put the whole nation to shame. There can be no two opinions on the enormity. Resort to violence and torture at a religious seminary constitutes a far graver outrage than torture in police cells or white traffic. All vestiges of such fiendish barbarism must be stamped out with the speed and the firmness visible in several less culpable cases. The duty of the law and order authorities is clear and one hopes they have already taken note of this terrible crime against man. One should also like to ask the privileged minions of the Auqaf Department whether they are too busy unlocking charity boxes and changing *chadars* at 'mazars' to notice what vile deeds are committed in the house of God!

However, this sordid affair has another aspect, perhaps even more disturbing than the purely legal or administrative one. The writer of the

feature has lamented his inability to dip his pen in blood and vitriol — which he would have done if the culprit had been a thanedar or a patwari, a heartless trader or an arrogant official — because “this is a religious matter, and I don’t have the courage to throw light on this or raise an accusing finger . . .” Before going into print he sought to strengthen his defence with the opinions of a well-known poet and the principal of a famous house of knowledge. Both condemned the use of violence by teachers of religious courses in unequivocal words. No less emphatic would have been the reaction of any sensible layman, though perhaps less printable. Even with this precaution, the reporter dared not reveal the location of the school of horrors or the identity of the man behind it.

#### Why this fear?

In any decent Muslim society such precautions would be unnecessary and the culprit would have been denounced in every public square and from every rooftop. Islam is the religion of kindness, compassion, and charity. It is the religion that declared a single drop of a Muslim’s blood to be more sacred than the Ka’aba. It is the creed of the Prophet who gave the child the protection and the dignity it had not know before. That children should be fettered under the facade of instruction in this religion is not only an offence against man’s conscience but also a slur on the religion itself. Nobody should be afraid of exposing something no Muslim can possibly condone.

Yet people are afraid, and not only the unprotected journalists. Why? What have we done to deserve the tyranny of the pseudo-religious? Why is God’s own injunction against compulsion in religion being flouted? If we know the answers and do not have the guts to speak out, surely there is more suffering in store for us.

CSO: 4220/209

## PROSPERING ON BORROWED MONEY CRITICIZED

Lahore VIEWPOINT in English 10 Jun 82 pp 24-25

[Article by M. B. Naqvi]

[Text] ISLAMABAD financial wizards are patting themselves on the backs. A large consortium of private transnational banks has thought so well of Pakistan's credit worthiness that it has oversubscribed to its request for \$ 225 by a large margin. And others have promised more later in the year. The Citibank's uncomplimentary remarks have, to the entire satisfaction apparently of our bureaucracy, been rebutted.

That may be so. But one wishes to know whether there is an official who wishes to draw the line somewhere. How far are we to go on with our spree of loan-taking? We are asking for roughly \$ 2 billion from the World Bank's Aid-to-Pakistan Consortium countries, both on multilateral and bilateral bases and some in debt rescheduling. What we will get is a different matter. The Pakistan delegation will be lucky if it can get as many pledges as it got last year. Substantial bilateral loans are expected from a wide variety of countries, including the conservative oil-rich Arabs. Some international agencies and international banks would also be giving credits. There may still be some small loans coming from socialist countries; some credits from China are certain. On top of it all, Islamabad has grown, rather proudly, accustomed to obtaining short-term credits from private multinational banks (Euro-dollar market).

## Smart?

There is a view holding this to be rather smart. What is wrong in importing more if we can obtain the necessary advances? To all appearances, the Government seems to be of this view. All its justifications imply our continuing credit - worthiness. Just that and nothing about the supposedly 'vital' role in development of foreign loans, as used to be claimed. There are still some people who feel concerned over the present situation in this regard.

True, such people are old-fashioned. To them borrowing needs to be justified in terms of what it is meant for, what it is actually likely to achieve and what its full economic and political cost would be. The assumptions they make need to be stated. To begin with, all loans a nation, like an honourable individual, secures are meant to be returned. This is the point of departure.

## Simple criteria

The next position logically follows. Since loans create an annual amortisation liability that has to be paid out of current earnings as a matter of priority, they should only be taken for truly priority purposes. This involves two simple criteria. First, ideally the foreign loan should directly enhance the country's (current or export)

earnings. Second, even if a particular loan does not directly improve the export capability, it should add distinctly to the productive apparatus of the economy (including its infrastructure, properly so called).

Even this is too ambiguous. Let us take transport facilities. This is by all standards a vital component of the infrastructure, the constant improvement of which is essential. But there can be more than one way of doing this. One way would have been to give primary importance to railways for most long-distance freight and travel. But for regional, sub-regional or local routes a network of roads — by way of supplementing the railways — might be the choice if quick expansion of the railway system is not feasible. Another choice, made in the event, could be: develop air travel for the modern sector people, let 'inefficient' railway stagnate, develop a large-scale trucking industry and let the automobile culture fill the void created by the neglect of mass transportation facilities — trams, local or underground railways, buses in cities of large size or between medium towns. And this sort of thing is true in several fields.

### Transport policy

The results may be watched of the transport policy one has cited as an example: All cities are chockful of private cars while local and provincial authority has been unable to provide enough modern motorable roads or parking facilities. People of lower income groups are hard pressed because the local or provincial authorities have not cared to provide enough buses for mass urban transportation — in all large cities. Bad roads mean faster deterioration and more repairs and greater consumption of spares and fuel. The fuel bill has shot up spectacularly, we are consuming 720,000 barrels of crude oil per day at \$ 34 per barrel plus other costs.

If the policy orientation in the transport sector had been different and had emphasised the railways and mass transport facilities, rather than air travel and free private car imports, our total fuel bill would be much less, common people would have a more

reliable, efficient and cheaper transportation and the roads would not present the picture of chaos. Nor would there be so many grievous road accidents. The main point is the chosen policy, supposedly to favour private enterprise, has turned out to be economically more inefficient by way of more people wasting more time, energy and money on roads waiting for a chance to get to wherever they have to. It makes for more import propensity, more external indebtedness, greater debt servicing liability *et al.* Whom has it benefited apart from foreign suppliers of automotive goods and oil? Not many, not even the affluent capitalists who are more irritated by delays on the crowded roads, late arrival of labour, insufficiency and bad maintenance of roads and so forth; economic efficiency suffers from whichever point of view one looks at it — but, above all else, in terms of the higher cost of transportation making the costs too high in Pakistan.

### Public health

Don't think this sort of thing is confined to transportation. Look at public health. How efficient and economic are the facilities today? Preventive medicine is not emphasised; most expenditure is devoted to curative one that is highly unevenly distributed. We have highly-trained specialists in a few cities available at fabulous, by our standards, fees and after long waits; the free hospitals and dispensaries, where they do exist, wear a desolate look.

Much the same holds for education: universities and institutes of higher learning keep going up while the effective literacy rate threatens to look down — even from the benchmark of 1947. There is no system of vocational education and training for masses of young boys and girls. This is so all along the line.

Despite the deplorable quality of life for large sections of the population, the cost of so-called development has been heavy. One is looking at the restricted sector of international viability of the economy. On June 30, 1981 the long term external debt on



the SBP books showd \$ 9 billion. (But those 'backward people' who wish to count all foreign liabilities — of IMF's various facilities, short-term credits from private foreign banks or short rescheduled servicing burdens — were putting it at well over \$ 10 billion and their unofficial estimate for June 1982 is somewhere around \$ 12 billion, although the budget makers are likely to put it just about \$ 10.5 billion. Insofar as 1981 was concerned, it has to be seen what relationship the external debt had either with the GNP or its annual servicing burden with the export earnings: In a Gross National Product of \$ 25 billion the external debt was \$ 10 or more or against the export earnings of \$ 2.7 billion the true servicing burden was \$ 1.2 to 1.5 billion (inclusive of other liabilities). This is much too unhealthy by any standard — even officials' own.

#### 'More of the same'

And yet their policies amount to 'more of the same'. It is time thinking people asked a few questions. Do our officials really think that the economy, on present showing, will ever be able to repay their rapidly growing debt burden? Is not the current policy direction pointing in the direction of ever decreasing ability to meet all our liabilities? What is a rescheduling request? This is an euphemism for inability to pay one's dues on the due date — default in other words. As was demonstrated in Poland's case, it might not be in the interest of the creditors to declare a debtor bankrupt. They would go on giving credits to enable it to repay, basically, interest on old debts. Do we want that? Poland has other resources and sources of strength, apart from its own economy's considerable potential. What about us? What have we beyond the undeveloped potential of our own economy?

No doubt the problem has many dimensions. It includes the macro question of the total staggering

amount of Third World indebtedness to the First, as one noted earlier. How can that ever be repaid? What are the feasible mechanisms for such repayments and whether can the creditors afford to take them all back in the only way it can be done? No doubt they are all relevant questions and may assume a different look if only the Third World could get together on this issue and speak with one voice. This is, however, not likely today or in the near future.

We had better remember two facts. Pakistan economy as now constituted is an integral part of the capitalist world economy and the authorities are working to make it more so. All the free world economies rules therefore apply. We have therefore to deal with our creditors as a weak, isolated Third World country and all the cards are in others' hands. What are we going to do?

# TALL CLAIMS ABOUT CLEAN WATER, SANITATION IN RURAL AREA RIDICULED

Lahore VIEWPOINT in English 10 Jun 82 p 26

[Article by Ayaz Amir]

[Text] I SUPPOSE it does not greatly matter what Ministers say or do not say these days. More often than not, their pronouncements run according to prepared scripts from which they would have little incentive to depart except for people such as Dr. Mahbubul Haq who harbour, like Cleopatra, "immortal longings" in their souls.

As distinguished families go in our country, Syed Fakhr Imam is the scion of one such, which is perhaps the overriding qualification for his having been vaulted into the secondary chambers of power. As Minister of Local Government and Rural Development, he has a large ornamental role to fill considering the importance the regime attaches to grassroots democracy, to the exclusion of other forms, in the new dispensation it is striving to create. On this account he is a highly visible man, being the recipient of reflected glory (The light that shines on anything to do with local government necessarily shines on him as well). I do not know whether this is a compelling reason for anyone to take much notice of what he says but if I am devoting this column to his lineage, it is because of a prepared script he read out recently before a gathering of the residents of the Taxila Cantonment Board.

## Development priorities

Speaking of the development priorities which the regime or its Planning Commission or Dr. Mahbubul Haq have in mind, Syed Fakhr Imam disclosed that by the year 1990, clean drinking water would be available to 66 per cent of the rural population compared to the 20 per cent who were enjoying this privilege today. His second disclosure related to "rural sanitation". By the same hallowed year, rural sanitation would be extended to cover 13 per cent of the rural population compared to the 2 per cent at present.

I do not know whether Syed Fakhr Imam blushed when he unfolded these statistics. To say that 20 per cent of our rural population are provided with clean drinking water is, I am sure, a gross exaggeration but even if it is true, it is not because of any pioneer work done by the Ministry of Rural Development. The clean water that there is comes from fresh-water wells scooped from the earth by the rural population themselves untainted by any other help except perhaps that of the Almighty.

## Not revelations

These are not revelations but simple facts which anyone who has ever lived

in a village knows better than the lines on his forehead, the galling thing is not that this deprivation exists for it is as old as the hills and will take more than prepared texts to lighten. The galling thing is to see this misery reduced to a convenient sum table that any official who comes can rattle off so easily. Drinking water for 20 per cent of the rural population is shame enough but to say that after eight years of heroic effort clean water could be available to just 66 per cent of the rural population is a scandal which should send Syed Fakhr Imam home, for what, if one may ask, will the remaining one-third of the rural population do? Wait for another Minister to promise them eight more years of heroic effort?

The bit about rural sanitation is surely a joke. If by rural sanitation is meant flush toilets, then the 2 per cent Syed Fakhr Imam is talking about consists of those who, because of inherited or acquired means, are in a position to instal flush systems in their country homes. No one needs to be told that the remaining 98 per cent squat quite contentedly in the open. As landlords pick up education and money comes from the Middle East, I am sure there will be more domestic privies eight years hence, but none owing to any effort on the part of any Ministry. If by rural sanitation something else is meant, like setting up village sewerage systems or means to dispose off refuse and garbage, then the idea is still more ludicrous. We have first to accomplish the feat in our towns before we begin to talk about bringing sanitation to our villages. I know of two anthropology students who went to a village to carry out some field study. They spent four days in agony looking surreptitiously for some means of rural sanitation but unable to find any, they let themselves go on the fifth with the help of a discarded half of a water-melon which they filled with

water and used as a *lota*, their anthropology not having taught them how villagers did their daily cleaning. So much for rural sanitation.

### Ivory towers

It is all too early to talk about ivory towers and the reality that lies beyond them. But I dare say that even those who try to demolish them live in ivory towers of their own. To know what the life of a farmer is one has to be a farmer oneself, otherwise it is all editorial comment which anyone can be skilful at.

We talk so much about the wheat season and of wheat autarky but how many of us who do so have actually known the pain and weariness of wheat harvesting which requires more labour and yields less profit than any other crop?

The land set aside for wheat has to be ploughed more intensively than for any other crop. The sowing of wheat demands more than ordinary care. Insufficient rain dries up the crop, excessive rain damages it in other ways, and the golden mean is so hard to achieve. When the crop ripens, one has to look to heaven again so that hail does not destroy it.

The countryside is certainly not a scene of unreclaimed misery but neither is it the scene of frolicsome idylls which some of our artists seem overly fond of painting (Nor, I am afraid, is there much love in the haystacks). My only plea is that no one should speak about the countryside until he has lived there. We have no Chairman Mao to turn the tide (and even he stands disowned) but should we not at least wish that before Dr. Mahbubul Haq or Syed Fakhr Imam next feel it proper to pronounce their bits on agriculture, they should spend just one day in the sun, threshing or winnowing wheat? And till they do so clean water for the 66 per cent and rural sanitation for the 13 can wait for I am sure that if they do what I have suggested, their ideas on the subject will undergo a profound change.

## BHUTTO FAMILY'S LEGAL TROUBLES HIGHLIGHTED

New Delhi INDIA TODAY in English 30 Jun 82 p 53

[Text] THE TROUBLES of the Bhutto family never seem to end. Ever since Zulfikar Ali Bhutto was hanged, his wife Nusrat and daughter Benazir have shuttled between jail and house arrest. And Pakistan President Zia-ul-Haq has never made a secret of the fact that he holds the family accountable for the deeds of the past. To this end he has delved deep into the records of the Bhutto era. The result of all this sleuthing has been two cases which could land the family in dire financial difficulties, if upheld. The Government has sued for the recovery of Rs 55 lakh altogether which Bhutto is said to have misappropriated.

**Allegations:** One suit has been filed for the recovery of Rs 8.2 lakh which Bhutto is said to have misused from secret service funds. It is alleged by the Government that he 'dishonestly misappropriated' Rs 6.9 lakh from secret service funds for the Pakistan People's Party (PPP). Of this amount the Government claims that Bhutto paid Rs 2.1 lakh to Khurshid Hasan Mir, the deputy secretary-general of the PPP, and another Rs 4.8 lakh to Nasrullah Khan Khattak, president of the PPP in NWFP.

The state suit also alleges that Bhutto paid Rs 44,000 to Naya Daur Motors of

Karachi for the repair and freight charges of five jeeps belonging to the NWFP unit of the PPP. He is also said to have printed the PPP manifesto in Baluchi, paying Rs 6,000 from the secret service funds and then prepared fake certificates declaring that the money had been spent in the public interest.

Besides this the Government also claims that around May 1976 Bhutto spent Rs 79,000 to buy a Toyota jeep from a company named National Motors Ltd. This jeep was then sent to his ancestral home Al-Masrura in Larkana for his own personal use.

**Huge Sums:** The second case against Bhutto's heirs involves even bigger sums. In it the Government claims that Bhutto spent Rs 46 lakh for improvement of his mansion in Karachi and Larkana. This case was investigated by the Federal Investigation Agency (FIA). On the basis of the investigation Bhutto was arrested in 1978. However, after he was hanged the case was dismissed by the High Court. Now the Government is pursuing its efforts to recover the money by filing a suit against the family.

It is stated in this suit that in the very first week of assuming office, Bhutto told his military secretary that while visiting Karachi and Larkana he would stay in his own houses. After this, all through his tenure as prime minister, he is said to have forced the Public Works Department to spend nearly Rs 50 lakh for structural improvements, additions, alterations, electrical work and having air-conditioning plants installed.

Initially Bhutto is said to have agreed to pay this sum, but in the end he only paid Rs 3 lakh. The suit also maintains that the air-conditioning plant installed in Bhutto's house in Larkana cost Rs 5 lakh but he only

paid Rs 71,000 for it, which was supposed to be 50 per cent of the depreciated value of the plant.

Bhutto is said to have done the same thing in his other house, 70, Clifton in Karachi. The air-conditioning plant for this house was ordered in 1974 through the Pakistan Embassy in the US and customs duty amounting to over Rs 5.5 lakh on the import of the equipment was evaded. Instead he again had a valuation done and ended up paying Rs 1.77 lakh on the depreciated value of the plant. In all the Government claims that it spent more than Rs 50 lakh on the plants and got back only slightly over Rs 3 lakh.

**Protracted Battles:** Nearly all the family have been dragged into the suits. Two of his widows, Amir Begum and Nusrat Bhutto have been impleaded as defendants. Besides them, his two daughters Benazir and Sanam and his sons, Murtaza and Shah Nawaz are also defendants. His second wife Nusrat has been appearing in the High Court in Karachi regularly to defend the suits. The court has also directed the Bhutto family not to sell their two houses in Larkana and Karachi, or their agricultural land and other property.

Meanwhile Bhutto's third wife, Husna Sheikh, who has always stayed away from the limelight, is also finding herself in trouble. Husna fled from Pakistan just before Bhutto was ousted, in 1977. She is now said to be living in one of the Gulf countries where she owns a hotel. She has now found herself pursued by the income tax department which has issued notices against her for the recovery of dues of Rs 8 lakh. The department has already tried

to recover this money by auctioning a piece of land belonging to her in Karachi's posh Clifton locality. However, the public auction failed to attract bidders and the 2,000 sq yard plot was sold for a mere Rs 2.75 lakh which has brought prices crashing down in the area.

But prospective buyers who stayed clear of the sale were probably wise. Husna has already challenged the sale in the Sind High Court and the

court has ordered the maintenance of the status quo. Husna's writ seeks a declaration that the income tax demand of Rs 8 lakh be struck down.

While these cases drag on through the courts, some other of Bhutto's friends are finding themselves in trouble. Jam Sadiq Ali, a former PPP minister, and close friend of Bhutto's has been sued by the nationalised Habib Bank for the recovery of Rs 2.1 lakh taken as a loan. He is alleged to have drawn this money as an overdraft but never paid it back. Sadiq Ali has also fled the country and is in Dubai where he is running a hotel.

Nobody knows how these cases will end, but the family is understandably sore about having to face protracted legal battles. One family source puts it bluntly when he says: "General Zia's coup against Bhutto was codenamed 'Operation Fairplay'. This, however, is no fairplay but total foulplay."

—QUTUBUDDIN in Karachi

CSO: 4220/209

## BRIEFS

LAHORE DEVELOPMENT TERMED WASTE--The World Bank already has more than a single finger in Lahore's development pie. Now one hears the Bank has acquired an interest in developing the old (walled) city, an area inhabited by a million human and (milch) cattle souls. (The sum named is Rs. 4000 million). We have been hearing of dozens of plans and blueprints and decisions to give the walled city a face-lift. But the grain market remains where it was in granddad's time. Encroachments are there and multiplying. More and more markets are coming up, gobbling up every inch of space in the city walled and unwalled. One would not mind the addition of another 400 million rupees to our indebtedness provided slums were really removed, and all the markets and 'mandis' shifted scientifically to reduce congestion around residential districts. That is like asking for the moon and we know that the moon is not for us. Why not then restrict all investment--borrowed or indigenous--to the clearing of garbage, removal of encroachments and ensuring that old houses worthy of being pulled down immediately are pulled down immediately so that no loss of life is reported when the rains come as come they must every monsoon. [Husain Naqi] [Text] [Lahore VIEWPOINT in English 10 Jun 82 p 9]

KASURI CRITICAL OF DETENTION--Mian Mahmud Ali Kasuri of the defunct Tehrik-i-Istiqlal said here on May 31 that restrictions on courts had rendered them totally ineffective in matters of civil rights and political liberties. He ruled out early release of his party chief Asghar Khan, now detained under MLO 12 as the order has been so modified that he could be confined for an indefinite period. He said according to ulema, detention without trial was un-Islamic. He was critical of what he described the partisan attitude of the Government towards certain parties who were free to say whatever they wished and their leaders could go wherever they liked. He said, "One needed almost a visa" to move from one Province to another. And that, he remarked, amounted to dividing and not uniting the country. Mian Kasuri spoke also about the plight of the Biharis who, it is reported, have become beggars in India. Said he: It was "regrettable" that while 27,00,000 "foreigners" were being treated as mehmans, the Bilharis who were patriotic Pakistanis were not allowed to settle down here. They were languishing in Bangladesh camps. [Text] [Lahore VIEWPOINT in English 10 Jun 82 p 16]

CSO: 4220/209

# JAPAN OFFERS AID TO END BROWNOUTS

Manila BULLETIN TODAY in English 2 Jul 82 pp 1, 12

[Article by Brenda P. Tuazon]

[Text]

An eight-man Japanese technical-cooperation delegation now in Manila said yesterday that it will send experts to study the causes of brownouts in this country.

Seiichiro Otsuka, head of the mission, said it will include financing aid in its recommendations on brownouts to the Japanese government.

President Marcos had earlier created a committee headed by Prime Minister Cesar Virata to oversee National Power Corp. measures for ending the series of brownouts. The President acted following widespread public complaints over the effects of frequent power failure.

Otsuka, who is economic cooperation bureau chief in the Japanese Ministry of Foreign Affairs, said his government is ready to offer loans to enable the Philippines to buy the equipment for supplying the power needs of Metro Manila and the provinces.

Otsuka said the

Japanese delegation, here on a three-day visit, will check on the progress of Japan-Philippine projects under the \$200-billion bilateral technical assistance to Asean countries.

Japan's overall assistance to Asean members covers a massive program which trains Filipinos and other nationals from the region in various specialized fields.

Japan in return sends its experts to the Philippines and other Asean nations.

Aside from supplying equipment and financial assistance to developing nations, he said his government has adopted the Overseas Cooperation Volunteers Program under the Japanese International Cooperation Agency (JICA).

Under this program, young experts may enlist and offer their resources in various specialties like agriculture, sports, communication and transportation.

Otsuka said Japan is implementing three new projects this year under the human resources development program which covers industrialization, agriculture, rural development, energy development, and human resources.

Otsuka said Japan's \$100-million economic aid to Asean nations will include the Bohol agricultural promotion complex project.

He said the Japanese development survey program is now carrying out 13 projects, like the aerial topographic mapping of Cagayan Valley and Mayon volcano and the rural telecommunication projects covering the Bicol region.

Also being carried out is the port development program of San Fernando, La Union, Panay river basin flood control study, and satellite communication for improved weather forecasting and information.

MINDORO PC COMMANDER EXPLAINS POLICIES

Manila BULLETIN TODAY in English 7 Jul 82 p 18

[Article by Del Villanueva]

[Excerpt]

The PC command in Oriental Mindoro said yesterday that the maintenance of peace and order in that province is being pursued in keeping with the constitutional rights of the people, upholding the supremacy of the law, coupled with the intention to be compassionate and humane in dealing with the civilians.

Lt. Col. Rogelio G. Valentin, PC commander and INP superintendent, said his command even encourages the people to come out and file charges against abusive military and police personnel as well as against civilians using the names of ranking

military officers in the province for mulcting and extorting activities.

Valentin said the alleged "martial law hangover" of military authorities in the province as reported by a newspaper columnist is without basis.

He said the reported coercion made against a local newsman by his command is not true because the only purpose of inviting him to visit the office of the PC commander was to clarify and determine the veracity of the news item about the alleged mulcting and extortion activities of some civilians using the names of high ranking military officers in the province.

"All I wanted from the newsman was to assist the PC command in determining the person or persons who made such report so that we could immediately conduct an investigation on the alleged illegal activities with the end in view of imposing disciplinary action as to whoever among my men are responsible for such anomalous activities," the PC commander said.

At the same time Colonel Valentin also denied a report that his command was allegedly involved in settling cases against suspected drug pushers in exchange for monetary considerations.



CASH DEFICIT REPORTED

Manila BULLETIN TODAY in English 3 Jul 82 p 14

[Text]

A fiscal deficit of P2.62 billion was incurred by the national government in May, raising the cumulative deficit to P6.0 billion from January to May, the bureau of treasury reported yesterday.

Budgetary receipts totalled P3.04 billion up by 30.51 per cent from the level a year ago of P2.33 billion. Tax revenues, mostly coming from the bureau of international revenue and the bureau of customs, amounted to P2.45 billion, reflecting an increase of P233.74 million or 10.54 per cent.

Budgetary disbursements, on the other hand, amounted to P4.79 billion in May, growing at a much faster rate of 16.50 per cent as compared to the

increase in receipts.

Bulk of the budgetary expenditures went mostly to operating expenses which aggregated P2.465 billion and capital outlays which amounted to P2.19 billion.

The cash operations of the national government in May ended in a cash balance of P16.255 billion, posting an increase of P1.27 billion or 8.51 per cent from the cash balance at the end of May last year.

Net public debt incurred during the month amounted to P591 million. From January to May, total public debt borrowed by the national government amounted to P5.25 billion, of which P4.27 billion came from domestic sources.

# MUSLIM LEADERS SUPPORT FAMILY PLANNING

Manila BULLETIN TODAY in English 1 Jul 82 p 5

[Text]

Two highly respected Ulamas Muslim religious leaders, Ustadz Abdulgani Yusop, grand mufti, and Imam Yacob Ismi, the high imam of Sulu, said that the population and family welfare program in Southern Philippines is gaining ground with the positive involvement of the religious leaders.

They expressed this sentiment upon their return from a two week study-observation tour of the Indonesian population program, looking particularly into the active support by the ulamas in the implementation of the Indonesian family planning program.

They also said that Islam is not against family planning. "We

shall try to adopt some experiences in Indonesia in involving the ulamas in the promotion of the concept of planned family," they added.

The grand mufti, Ustadz Yusop, is the chairman of the council of Ulamas. He finished his doctorate in Islamic philosophy at al Ashar University in Cairo, Egypt. Imam Yacob Ismi is the vice-chairman of the council and is the president of the Madrasa (Islamic school) based in Jolo, Sulu.

The other members of the observation study group to Indonesia were: Jose G. Rimon II, Popcom deputy national program coordinator and team leader; Rene Bautista

and lawyer Ramon de la Fuente, Popcom regional officers from Western and Central Mindanao: Mentang Kabagani, and Bashir Ingkoh, provincial population officer of Maguindanao and Tawi-Tawi, respectively. Gov. Ali Dimaparo of Lanao del Sur and Gov. Sandiale Sambulan of Maguindanao were not able to join the study visit.

The team noted the high commitment of the Indonesian government to a strong population program. They said this was evident from the support given starting from President Suharto down to all the governors, regency and city mayors, and the village leaders.

CSO: 4220/222

NPA, HUK INSURGENCIES COMPARED

Manila BULLETIN TODAY in English 4 Jul 82 p 6

[Article by Apolonio Batalla]

[Text] Offhand some points of comparison can be made between the Huk movement in the late 1940's and early 1950's and the present NPA insurgency.

One difference is while the Huks laid stress on communism, the NPA's are increasingly neglecting the need to propagate communism. That is as far as we can see.

Maybe the NPA's have learned a lesson from the past. In our country it is difficult to make people understand what communism is. The philosophical basis for communism cannot readily be absorbed by the masses who are not in fact that poor and that oppressed. Consequently, the true believers are limited to a few.

That was the lesson learned by the Huk leaders themselves. If the movement spread and was able to knock on the door of Manila it was because its strength derived from the determination of the aroused peasants in the central plan of Luzon. There were no Huk groups of consequence in other parts of the country.

The present NPA's do not stress communism, and since there are hardly any rice tenants to woo they attempt to make up for this by enlisting the support of other kinds of peasants and agricultural workers, especially those in the depressed areas of Quezon, the Bicol region, Eastern Visayas, Western Visayas and in the Davao provinces.

Another point of comparison is the quality of leadership. Then as now rebel leadership was fiercely determined and had integrity. They were motivated by deep conviction.

The difference lies in age and flexibility. The Huk leaders were relatively older than the NPA leaders. Moreover, the present movement seems to have more intellectuals.

If the NPA's no longer dangle the charms of communism to would-be adherents, they do stress grave and specific shortcomings of the government such as graft and corruption, the slow administration of justice, military abuses and hypocrisy of some in the government.

They also stress the poverty of the people in the rural areas.

It should be noted that for every grievance pointed up by the rebels the government has an answer in deed.

For example, people suspected of having committed irregularities in the disposition of funds or of bribery are investigated and prosecuted before the Sandiganbayan.

Much effort is directed at speeding up the administration of justice by the courts. Undesirables in the Armed Forces are being punished.

Numerous public works projects have either been completed or are being constructed. Agricultural production has been increased to the extent that the nation is self-sufficient in rice.

The list of achievements is long.

Still another point of comparison between the Huk rebellion and the NPA effort is the duration and magnitude of the struggle.

Offhand, it seems that the fighting during the late 1940's was more intense but shorter in duration than the current struggle of the NPA's.

Government NPA encounters involve less men, but the fighting takes place in more provinces. One is tempted to conclude that the NPA's are better guerrilla fighters than the Huks.

Also, they are not as easily appeased. And as long as they are not neutralized they will be a thorn in the side of the present order. They may not pose a serious threat, but they are nonetheless a threat.

Probably there is no better formula of dealing with the NPA's than dedicated government service at the grass roots.

Many government servants in the countryside are simply coasting along. They appear to inflate their achievements in order to obtain promotions. And it is this kind of conduct that encourages the rebels.

It should be noted, however, that if on the whole the government had been negligent the rebellion would already have spread like wild fire. This country would not have been the same.

It should also be noted that some policies take time to implement and when implemented do not bear fruit right away.

A more effective government working under these conditions have yet to be proven.

CSO: 4220/222

COLUMNIST CHARGES IMPROPER USE OF MILITARY INTELLIGENCE

Manila BULLETIN TODAY in English 30 Jun 82 p 7

[Article by Nick T. Enciso]

[Text]

The so-called military intelligence is a vital arm of the Armed Forces whose operations are also conveniently and effectively relied on by the civil government. Wars have been won and critical policies of government adopted as a result of positive military intelligence.

The Falkland Islands war was won by the British in no time with few casualties because of efficient military intelligence.

\* \* \*

On the other hand, when used for personal and selfish ends, especially for political expediency, the objective becomes obvious causing embarrassment to the establishment. An example is the situation in Cavite which hogged the limelight in recent weeks. It started when Cavite Governor Johnny Remulla, fulfilling a pledge to the President that he will rid his province of criminality, including smuggling, apparently had stepped on the toes of some junior military officers. Here's when the so-called military intelligence started to build up derogatory reports, picturing him (Remulla) as one coddling criminals, organizing a private army, allowing smuggling, etc.

\* \* \*

With disparaging reports, Remulla almost became persona-non-grata to top military bosses. Taking advantage of the fix Remulla was in, his political enemies, some of whom were envious of his strong political hold on the province, were reported to have connived with the few military officers who were out to get Remulla. Even Brig. Gen. Andres Ramos, PC regional commander for Southern Tagalog who is a professional and

upright soldier, was almost dragged into the power play if not for the timely intervention of Defense Minister Johnny Ponce Enrile and PC chief, Major Gen. Fidel Ramos, who reconciled the two officials.

\* \* \*

Barely had the improved civilian-military cooperation in Cavite started when the barangay polls were held and another irritant came up specifically in Tagaytay city. Because of the almost unanimous election of barangay captains in that city known to be sympathetic with the KBL administration of Mayor Hilarion Maglabe, reports circulated that some smart local opposition leaders teamed up with the same group of junior officers who were against Remulla. But this time Maglabe was the target. The Tagaytay mayor has been made to appear to be coddling a wanted person who used to harass his political enemies.

\* \* \*

To make things turn from bad to worse, intelligence reports claimed that this wanted person, who is now the object of an intensive manhunt, is out to kill known opposition leaders of that resort city and ranking military and civilian officials who frequent the area, including Defense Minister Enrile. Of course local neutral observers took this report as another move to involve the defense minister in the local political squabble—a futile move nevertheless, as Enrile is not that naive.

\* \* \*

Politics, it is claimed, is behind the killing of a toughie, a former policeman and a resident of nearby Silang shortly before the barangay polls. A month later, the father of Nuestro, Rafael a retired policeman with excellent record, together with a former PC sergeant who are both Tagaytay residents, were arrested and now facing court charges as suspects in the Silang killing. This arrest, according to military quarters, triggered the killing of the two policemen of Mendez, one of whom was reported to have been mistaken for a police officer. This incident is of course an isolated one to tarnish the excellent peace and order record of Tagaytay and the rest of Cavite province.

CSO: 4220/210

NEW MILITARY POLICIES ISSUED IN DAVAO

Manila BULLETIN TODAY in English 1 Jul 82 p 22

[Text]

DAVAO CITY. — Brig. Gen. Pedrito de Guzman, new head of Region XI military command, said the policies of his command aimed at gaining public confidence in the military.

Trying to erase the tarnished image of the military because of some alleged mistakes in the peace and order policies, de Guzman:

— Gave gambling lords until June 15 to end their operations of "jueteng," a Chinese numbers' game racket which has proliferated in Davao, jail-alai, "last two," another numbers game racket, and other forms of gambling;

— Ordered the return of foot patrols within the city and the

strict enforcement of the ban against gun-totting;

— Organized the PC-police field strike force to serve as the main force against criminal elements and dissidents;

— Ordered the use of armored vehicles in the fight against crimes in all cities and provinces in Region XI;

— Abolished all military checkpoints and if there is any need for them, they will be manned by responsible officers. De Guzman stressed that "I do not like to see any CHDF manning any checkpoints;

— Stressed the importance of military-civilian relationship in maintaining peace and order, and;

— Announced that his command will be "willing to give enemies of the government a chance to go

back to the folds of the law, but would take drastic measures within the bounds of the law to crash those who would use violence to fight the government.

De Guzman ordered all commanders under to enforce strictly the firearms ban, stressing that military personnel carrying long arms must be in proper uniform and must carry memorandum receipts and mission orders when entering Davao city.

On civilian operatives, de Guzman explained that they should not be allowed to carry firearms. He said that his command will immediately tackle the peace and order campaign in Davao city, saying that "if we can succeed in Davao city, we can succeed anywhere in the region." — RCC

ARMY CHARGED WITH KILLING CIVILIANS

Manila BULLETIN TODAY in English 2 Jul 82 p 32

[Article by Benny S. Burgos]

[Text]

**MALOLOS, Bulacan, July 1**—The reported killing of five persons in San Rafael, Bulacan, last June 21 was not an encounter between the New People's Army and government troopers, members of the victims' families said here today.

The testimonies were made in a meeting held yesterday at the Bishop's Palace here between church leaders, concerned groups, and relatives of the victims. The meeting was called in response to the latter's request seeking justice for the death of their relatives.

The families' claim refuted earlier reports that five NPA members were

slain in an encounter with elements of the 175th PC company under one Major Baluyot in Pulo, San Rafael.

The newspaper account did not disclose the identities of the fatalities but sources identified them as Renato Marimbo, 26, of San Ildefonso; Edwin Borlongan, 20, of Malolos; Celestino Medina, 26, of Hagonoy; Danilo Aguirre, 27, and Teresita Llorente, 20, both of Meycauayan.

Despite the families' efforts, only the bodies of Borlongan and Marimbo were recovered from the San

Rafael town hall.

During the meeting, the relatives also disclosed that the victims were arrested by some 30 PC soldiers at about 10:30 p.m. of June 21 in barangay Balatong, Pulilan, Bulacan.

It was claimed that the five were sprayed with bullets in a remote barrio in San Rafael after they had been maltreated by their captors.

Their bodies were later brought to the San Rafael town hall where the military reported the "encounter," the relatives said.

Witnesses said the victims were unarmed when apprehended while having a meeting in a house in barangay Balatong.

CSO: 4220/222

REPORT CITES UNION GAINS

Manila BULLETIN TODAY in English 2 Jul 82 p 9

[Text]

Filipino workers are increasingly conscious of the importance of unionism in their worklife.

This was the conclusion of the Labor Statistics Service in a report to Labor Minister Blas F. Ople.

According to LSS Chief Sonia Castro, figures on labor organizations covering 1980 and 1981 show that the number of unions had increased from 1,576 in 1980 to 1,747 in 1981 and rose further to 1,927, by mid-1982.

Total union membership also rose from 1,920,623 in 1980 to 2,220,528 in 1981—by 16 per cent. By mid-1982, membership increased to 2,259,335 or 4,931,348 if the members of the National Congress of Farmers Organizations are included.

The LSS report on

labor organizations came out with these observations:

Unionism is most practiced in the manufacturing sector, which had in 1981 the biggest number of local unions, 969 and the largest in membership among the industries 248,726.

Next was the industries group of transport, storage and communication, with 254 locals and 71,873 union members. Distributive and service trade had 226 locals, and was fourth in membership with 26,348.

The industries group of community, social and personal services had 131 unions, which reported a combined membership of 22,150 workers.

The group of financing, insurance, real estate and business services registered 56 unions, with 17,662 unionists. Many of these members were

white-collar workers such as accountants, credit analysts, insurance adjusters, counselors.

By region, the national capital region (Metro Manila) was on top of the list, registering 1,177 labor organizations in 1981.

Similarly, it was the leader in union membership 262,666 workers.

The NCR unions were predominantly labor organizations in the manufacturing industry 716 of the 1,117 workers' groups in the area. And of 262,666 unionized workers in the region, 156,755 were factory workers.

Distributive and service trades placed second in 1981 in the number of unions, having 171 of the total in the region. This group, however, was only third in union membership, 21,549 workers.



# INDEPENDENT INVESTIGATION OF SAMAR KILLINGS URGED

Manila BULLETIN TODAY in English 7 Jul 82 p 32

[Text]

An opposition member of the Interim Batasang Pambansa asked Defense Minister Juan Ponce Enrile yesterday to create an independent group to look into reported killings in Northern Samar.

Assemblyman Reuben R. Canoy cited the big number of what he called mysterious deaths in the province, which has aroused an outcry from various sectors in Samar and in Leyte.

Canoy said he proposed the investigation after receiving complaints from civic, religious, and media quarters against supposed military brutalities on civilians.

He said the incidents

were extensively reported by two pro-government newspapers the session hall under tight guard starting this afternoon to prevent sabotage.

He also requested the police not to allow other persons other than barangay captains and duly accredited persons inside the session hall. (CANJR.)

ers, the Reporter in Tacloban city and the Leyte-Samar Forum in Catbalogan, Samar, as well as by radio stations in the areas.

Canoy cited the murder of Dr. Remberto dela Paz in Catbalogan, the killing of young boys in Daram and 210 civilians, including women and children by mortar shells in barangay

Somoroy, Lope de Vega, all in Northern Samar.

Replying to an earlier query, Gen. Fabian Ver, armed forces chief of staff, denied the Lope de Vega massacre and other Samar killings and the report that the military or related groups had a hand in them.

Ver said such incidents would have been too big to have escaped his attention.

After writing an editorial in the Reporter on the Samar killings, publisher Agustin Arnaiz, was charged with rumor-mongering by Lt. Col. Hernani Figueroa, assistant chief deputy for intelligence of the Eastern Visayas command.

CSO: 4220/223

POLICE, SOLDIERS WARNED AGAINST WRONGDOING

Manila BULLETIN TODAY in English 4 Jul 82 p 18

[Article by Efren P. Molina]

[Text]

BALANGA, Bataan — Lt. Col. Benjamin O. Feliciano, Bataan PC commander and INP superintendent, said yesterday that he would not countenance any wrongdoing any erring member of his command.

Speaking at the first PC sponsored monthly dialogue with newsmen, Colonel Feliciano said his command would dispose of within 24 hours any complaint against misbehaving PC soldiers or policemen.

Colonel Feliciano urged the people to report to him any unruly PC soldier or policeman so he could take the necessary action against him. He said misbehaving law enforcers have no room in

his command.

He said he would recommend, if the situation warrants, the dismissal from the service of the policeman who roughed up a town official of Limay during the mass oathtaking of the barangay captains and councilmen of that town last June 7.

Colonel Feliciano said he immediately ordered the policeman disarmed and grounded him at the PC headquarters after learning of the incident. He identified the policeman as Pat. Anselmo Labrador, member of the Mariveles INP.

The mauling victim was Francisco Manuel, municipal administrator of Limay. Manuel, a religious and civic leader, is an Ilocano

who settled down in Limay years ago. He filed a criminal complaint against Labrador.

Colonel Feliciano appealed to newsmen during the dialogue for fair news reporting. He said that slanted news reports can be exploited by the enemies of the state for their own ends.

The PC commander said he considered the media people as partners in the peace and order drive of the government. He appealed to newsmen to write not only adverse stories against the government but also the achievements of the government.

Present during the dialogue was Maj. Tua Ulama, assistant PC commander.

EDITORIAL DEPLORES POLICE VIOLENCE

Manila BULLETIN TODAY in English 3 Jul 82 p 6

[Text]

A commendable study is that made by the National Police Commission showing that unnecessary violence is employed by the police in roughly one of four cases. If the finding is significant the motives for undertaking the survey were clearly well-meaning, for they sought to determine police and civilian attitudes and to lay down the basis for a higher degree of public support for the police.

In the light of the study, Defense Deputy Minister and Napolcom Chairman Jose M. Crisol had good reasons to advocate a "broad education" for policemen "that can pro-

vide awareness of the social context of policing, the responsibility of public power in a democratic society, and the ethical and moral dilemmas which attend law enforcement in a liberal society."

In our social milieu the deeper that awareness on the part of the individual policemen the better will it be for the society because the police are leaders. People who enforce the law perform a leadership function.

The fact established by the survey that unnecessary force is often used indicates that that role is not being played satisfactorily.

# SHORT TERM LOAN RATES LIFTED SOON

Manila BULLETIN TODAY in English 7 Jul 82 p 20

[Article by Loreto Cabanes]

[Text]

The last remaining interest rate ceilings — those on loans with maturities of one year or less — will soon be lifted by the Central Bank to complete a deregulation on interest rates began a year ago.

Govenor Jaime C. Laya of the Central Bank announced yesterday the CB was already in the final stages of a study that would pave the way for the eventual lifting of the remaining rate ceilings.

Speaking before the bank marketing conference yesterday, Laya said the study was intended to make sure that the removal of the interest rate ceilings on short-term loans would not shorten maturities on lendings and disrupt the fund markets significantly.

He was not, however, sure when the lifting would take place but expressed the hope it would be soon.

Edward S. Go, president of the Bankers Association of the Philippines (BAP), in a separate interview, said the BAP was in favor of lifting the short-term rates now when loan demand was so low that the freed interest rates would not be able to rise so high that they would be out of line.

Laya mentioned two measures now in place that augurs well for lifting the ceiling on short-term loans. These are the functioning open-market operations of the CB and the rediscounting window for medium and long-term loans that was recently opened at the CB.

In addition, he said that instituted controls

on the commercial paper market that limit which firm and the corresponding amount that they could borrow through the commercial paper market would guard against the shortening of maturities for bank lendings.

The financial reforms introduced two years ago, which included abolition of interest rate ceilings and the gradual lowering of the required reserves of banks, were mean to make available the funds from the financial system for medium and long-term lendings to support the requirements of business and industry.

Laya also said that the CB has to be very sure before such ceilings were lifted that normal interest rate curves develop to avoid violent disruption in the funds market.

KKK SOURCE OF NEW MIDDLE CLASS

Manila BULLETIN TODAY in English 6 Jul 82 p 14

[Excerpt]

MALAYBALAY, Bukidnon. — State Minister Antonio R. Tupaz of Local Government told local officials, educators, civic leaders and businessmen here today that President Marcos and the First Lady are determined to convert the Philippines from "a mere consumer economy into a leading Niagara and supplier of the 11 basic needs of mankind in Asia and Africa."

Speaking before the induction of officers of the Malaybalay Mt. Kitanlad Lions and Lioness, the assemblyman from Agusan del Norte said the KKK projects which are directly and personally managed and monitored by the President and the First Lady will bring about a new middle class in the Philippines who will chart the political, cultural and economic behaviour of the Filipinos in this coming decade.

Tupaz said that while the national leadership is committed to industrialization and the development of the finest technologies comparable to those of the developed countries, the priority of the President and Minister of Human Settlements Imelda Romualdez Marcos is to raise the poor up to the level of a strong middle class.

He exhorted the civic, education, student and business leaders to be united behind the national leadership "not only in economic and socio-cultural program but as well in attitude, forgetting, even in the meanwhile, the adversary and contentious syndrome engrafted into our culture by foreign institutions."

Minister Tupaz said the Philippines must respond to the "new wave of economic ferment" in the world occasioned by the decision of the super powers to concentrate their resources in super

technology and leave to the developing countries the function of producing the basic needs of mankind such as food, clothing, medicine and shelter.

"Unless we are united as a people," Tupaz stressed, "we shall forever stagnate as mere sources and suppliers of raw materials needed by the developing countries in Asia and thus remain as the most outstanding consumers in the world."

Tupaz, who was chairman of the recently concluded ASEAN conference of parliamentarians coming from Indonesia, Thailand, Malaysia, Singapore and the Philippines, said that the Filipinos cannot afford "contentions and bickerings since these will only sap the talent and resources of our people, leaving them unprepared to cope with the economic and cultural competition from countries in the Asian basin."

COLUMNIST SEES BENEFICIAL FALLOUT FROM NPA

Manila BULLETIN TODAY in English 5 Jul 82 p 6

[Article by Apolonio Batalla]

[Text] One can look at it philosophically and say that the NPA insurgency acts as a goad to performance.

It is reasonable to regard it from that angle. We can say that if it had not been for the MNLF rebellion, the Muslim-dominated province of Mindanao would still be sadly neglected now. At government-sponsored development of those provinces would not have been as spirited as it is.

We can also say that if it had not been for the Huk rebellion, there would not have been a compelling reason to institute agrarian reform.

Because of that insurgency the liberal thinkers in our government fought to enact an agricultural reform code even after the back of the rebellion had been broken.

Later, because the law had been proven inadequate, the President issued the decree emancipating the tenants from the bondage of the soil.

The necessary economic and social reforms were made but at a high cost to the nation.

What we should aim at as a people is to be able to institute reforms in the government and in the socio-economic order at the least cost, and certainly not at the cost of many lives.

We have not yet reached that goal because there is insurgency, and the insurgency mirrors the imperfection in our government and society.

In any case, the government and indirectly the society have to be goaded and prodded. The population is fast increasing and all the additional people have to be fed, housed, clothed, educated and given many other kinds of services,

If we ponder the situation we cannot allow the Philippines to be like China or India, for if we let the situation ride there will be no hope for a better life for Filipinos in the future.

Before the war and for some time after the war, government was relatively simple. The Post Office Building, the City Hall, and the Congress Building, among other edifices, were for the purposes for which they were built.

The demands on government have grown immensely, and it is not surprising that City Hall has become a rabbit's warren, divided into so many cubicles and dark passageways that dishonor the spirit behind the construction.

If we look at the edifices of the ministries and relate them to the functions of those agencies we realize how the demands on the government have grown.

More importantly, we realize how the government has failed to keep up with the demand for so many years. Even the public schools have suffered. The government cannot even provide medicines for the dental care of the school children. And the University of the Philippines is in danger of becoming a second-rate institution for lack of funds.

The government hospitals are crowded while many poor people cannot afford hospitalization in the private hospitals. In the rural areas there are doctors but no medicines.

In our younger days there were hardly any squatters in Metro Manila and those few that could be found could easily be evicted. But now the solution has become more difficult to come by.

It takes no great effort to see that as the population grows the government has to improve its performance if life in this country is to improve.

If life becomes more difficult, it will be harder to maintain law and order. Hence, it becomes easy for some visionary to step out and impose a dictatorship in the name of law and order.

Some degree of anarchy or breakdown in national discipline usually provokes a heavy-handed treatment of the people by the government. This is true even in the developed countries: France in 1968 and the US at about the same period.

Somehow in certain cases, democracy has to suffer, if not completely then for a short period.

The people who by specific acts weaken the economy wittingly or unwittingly weaken the underpinnings of democracy in this country.

CSO: 4220/223

EDITORIAL EXAMINES FUEL PROBLEMS

Manila BULLETIN TODAY in English 6 Jul 82 p 4

[Editorial]

[Text] The situation in which there is too much gasoline but too little diesel fuel, relative to demand, is one that could not have been accurately foreseen a few years back.

It is true that some such situation could have been foreseen on account of the pricing policy. By setting the prices of gasoline at a high level the government discouraged the consumption of the commodity to a considerable extent. By setting a much lower price for diesel fuel, the government encouraged "dieselization." Still the magnitude of the disparity in consumption could not have been predicted with accuracy.

Besides, the pricing policy must have been influenced by a political consideration--as much as possible the government sought to lower the cost of transportation for the masses. By holding down the price of diesel fuel the government encouraged public utility vehicles to shift to diesel engines and by using diesel the operators could charge fares lower than if they had stuck to gasoline engines.

It appears that the disparity in the consumption of the two types of fuel has become intolerable. Somehow the gasoline prices have had to be lowered by 10 centavos per liter. The question is whether there will be an increase in the price of diesel fuel.

The question is an important one and has had to be raised to the Cabinet level. It is also a difficult problem because of the number of variables involved, among which are the cost of importing additional diesel fuel, the proceeds from the exportation of gasoline, the possible effect on overall production and on the cost of living.

The best solution would be a policy that in the final analysis would be least burdensome to the nation.

When the course of action has been chosen, it must be fully justified to the public.

CSO: 4220/223



COPPER, SEMICONDUCTOR INDUSTRIES GET GOVERNMENT AID

Manila BULLETIN TODAY in English 4 Jul 82 pp 1, 11

[Article by Willie NG]

[Text]

President Marcos acted yesterday to safeguard two vital export industries, copper mining and semi-conductor electronics.

To avert a shut-down of major copper producers due to the depressed world copper prices, he ordered the state-owned National Development Co. to buy up copper production from this month to December at 75 US cents a pound.

This is the break-even price for copper ore production, about 15 cents higher than the world price of less than 60 cents a pound.

Hence, for the next six months, copper mines can continue operating at break-even point while the NDC absorbs the risks for them and the losses as well.

All copper mine operators had told the President that without government relief, they would have to shut down, resulting in a loss of 30,000 jobs and hundreds of millions of dollars in lost income.

Annual copper production stands at 700 million pounds. Even at the depressed price of 60 cents a

pound, that would mean income of \$420 million.

The President also issued Executive Order 815 declaring it a state policy to maintain an investment environment "conducive to the growth and development of the semi-conductor electronics industry."

He said the industry now accounts for some 20 per cent of the world merchant semi-conductor assembly production.

Moreover, foreign investors view the Philippines as having "an attractive, cost competitive environment."

To maintain this good environment, he said, the government should provide maximum operational flexibility, adequate supply of skilled labor and training to ensure a continuing supply of skilled engineers and technicians.

The President said that investors must be encouraged to evolve higher levels of assembly processes and automation. A viable consumer and industrial electronics products in-

dustry must be developed to serve both domestic and export markets.

He authorized more incentives for the industry, such as exemption from taxes and duties on spare parts importation, from contractor's tax and from tax on accumulated profits and surplus.

Furthermore, he said, the semiconductor industry being a vital one, the Ministry of Labor, in the event of a strike, must at once assume jurisdiction, deciding it or certifying it for compulsory arbitration.

In a supplementary move, the President authorized Minister of Trade Roberto Ongpin to ask Japan, which

buys almost the entire copper production, to give an advance payment of \$120 million to enable the Philippine government to subsidize this aid program for copper producers.

The industry pointed out that if mines close down, the copper smelters of Japan would likewise have to shut down.

The government would hedge its risks in the subsidy program by buying copper futures in the world market.

The mining companies welcomed the President's action. Among those who would benefit from it are Atlas, Marinduque, Marcopper, Benguet, Lepanto, CDCP Mining, and Philex.

CSO: 4220/222

## BRIEFS

MAYOR'S SLAYER SOUGHT--Davao City--Brig. Gen. Pedrito de Guzman, Region XI commander said yesterday he has ordered a shoot-to-kill order for the six or seven suspects still at-large believed responsible for the gunslaying of Digos, Davao del Sur Mayor Ninito Llanos, Jr. and a barangay captain at Barangay Aplaya of that town last Saturday evening. Gen. De Guzman's order came in the wake of the capture of one of seven suspects the other day and the full identification of the six others. However, he requested that identities of the suspects be withheld pending their arrest. The suspects belong to the higher echelon of the NPA operating in Davao del Sur and identified as members of the Sparrow Unit, the liquidation squad of the terrorists. The PC/INP regional commander said that charges of multiple murder, frustrated murder and illegal possession of firearms were filed with the court against the suspects and warrants for their arrest were issued. It will be recalled that Llanos, 42, was with his wife, Mrs. Gavina Llanos, to crown the fiesta queen of Barangay Aplaya that Saturday night. During the celebration, one of the gunmen inched his way towards Mayor Llanos and fired point-blank at him. The mayor suffered four gunshot wounds while Barangay Captain Kasuki Mamac was hit fatally twice. Both died on-the-spot while Mrs. Llanos was seriously wounded. She was rushed to the San Pedro Hospital for treatment. (GMA). [Text] [Manila BULLETIN TODAY in English 4 Jul 82 p 40]

CEBU CONTAINER PORT--Foreign shipping lines hailed last weekend the Philippine government for starting the construction of the 373-million international container terminal at the port of Cebu. Philippine Ports Authority (PPA) said that at least 10 hectares of the 169-hectare reclamation project have been cleared of 100 squatter-families. The International Bank for Reconstruction and Development (IBRD) is financing this project. When completed, port congestion will be solved and the government's revenues improved. Statistics showed that Cebu's international terminal project has been considered as one of the biggest terminals in the Asean region. Meanwhile, UNCTAD study showed that ships under Greek flag regularly ignored safety laws and had high casualty rates. The study also indicated that "developing countries could increase their merchant fleets by about 70 million tons and earn about \$5 billion more in freight rates annually if they win their battle against the flags of convenience." It added that these ships would register in Third World countries offering sufficient maritime labor force. When carried out, it would ensure more job opportunities for the Third World sailors. [Text] [Manila BULLETIN TODAY in English 5 Jul 82 p 6]

LIBYAN STUDENTS COMPLETE PROGRAM--The Libyan People's Bureau of the Socialist People's Libyan Arab Jamahiriyah and Brig Gen Florencio F. Magsino (ret.), president of the International Center for Technology Transfer, Inc. (ICTTI), a Landoil affiliate, announced that the English-language program for 412 Libyan students has been satisfactorily completed and that the students would now return to Libya. At the same time, the Libyan People's Bureau and ICTTI said that the cases filed against five Libyan students who were reported facing criminal charges have been dismissed. ICTTI also announced that contrary to earlier reports, the Kamaya Point hotel has not filed any suit against the five students. The charges against the five students which rose from personal differences were withdrawn by the complainants, a Vietnamese and a Filipino national, Magsino said. The five Libyan students were among 412 Libyans who undertook an intensive English course under the International Center for Technology Transfer, Inc. The Libyan People's Bureau thanked the Philippines and ICTTI of the Landoil group for undertaking the training of Libyan students which, it said, underscored the special relationship between the Libyan and Filipino peoples. [Text] [Manila BULLETIN TODAY in English 7 Jul 82 p 5]

GEOHERMAL PLANTS SET--More geothermal plants will be set up this year in certain areas of the country. Prime Minister Cesar Virata announced this after the signing of a protocol for loans amounting to \$116 million. The Export-Import Bank of Japan granted the loan to help the Philippines implement its electric power development under the Five-Year Plan (1981-1985). Virata said the loan was "very significant to energy-starved Philippines in view of the frequent power failures in Metro Manila." It will also provide jobs for the unemployed in the rural areas where the project will be set up, he said. (FTF) [Text] [Manila BULLETIN TODAY in English 2 Jul 82 p 5]

COTTAGE INDUSTRIES TOP EXPORT EARNER--"We will keep moving." This was the terse reaction of Nacida Administrator Mario R. Reyes to a published report that cottage industry is now the country's top exporter with a record sales of \$666 million for 1981, dislodging traditional exports for the first time in Philippine trade history. At the same time the Nacida chief said that Nacida regional managers have been summoned to Manila next week to receive final instruction on monitoring repayments of loans obtained by cottage industry entrepreneurs under the ₱800 million Cottage Industry Guarantee and Loan Fund (CIGLF), a KKK accredited program. Reyes said that as of June 28, ₱100.4 million in loans have been granted to 2,109 cottage industries under the CIGLF. "This was achieved in less than 300 working days from the time DBP and PNB opened their windows for these loans," Reyes added. "Monitoring the repayments is now the next business," Reyes said. "Minister Ongpin, our board chairman, has fielded the Small Business Advisory Council (SBAC) of the Ministry of Trade and Industry to assist us do the job," the Nacida chief announced. "We need this help because this is the most difficult phase of the CIGLF program," Reyes said. [Text] [Manila BULLETIN TODAY in English 3 Jul 82 p 36]

CSO: 4220/222

## JVP LEADER ATTACKS UNP AND SIFF

Colombo THE ISLAND in English 1 Jul 82 p 2

[Text]

President J.R. Jayewardene was day dreaming of coming back again for another term of office. His theory was that because of the several parties eyeing for power at the next general and presidential elections he would be an easy winner. But to save guard democracy and human rights there is no other alternative but to defeat J. R. Jayewardene.

For that irrespective of party differences all voters should gather under one banner and decide on a candidate capable of defeating 'the fascist dictatorship'.

So said Mr. Rohana Wijeweera Leader of the JVP addressing a well attended propaganda meeting held at the Senanayake Park Badulla.

Mr. Jayaratne Jayasinghe presided.

Mr. Wijeweera said while the UNP ruled the country for 20 years the SLFP was in power for 15 years. Neither of the parties had done any good to the 'small man'. In the past there wasn't a party in this country to which the down trodden masses could turn to, for solace.

Today there was a national level left - the JVP and the President Jayewardene was afraid of the party. That was why his party had conspired to bring out a charge of 'Bomb factory in Embilipitiya' against his party. The JVP was not scared of such charges because it knew that the people were with it. It had done no wrong to the masses. Its members were not involved in bringing in contraband nor in tender rackets. It could not be blamed for

bribery or corruption. The President knew that the people were shifting away from his party because of his racketeers and he also knew that they joined the JVP as it was the only party free of corruption.

He said there was a rumour that the President was eyeing to hold a snap election. The next school holidays were longer than usual. The president knew that it would not do any good for his party by prolonging the elections as the public support was shifting away from him. The JVP would be in a stronger position then. Mr. Jayewardene would not hesitate to do anything to bring disrepute to the JVP. If the rulers acted against the law, Mr. Wijeweera said democracy would not survive in that country. Today that was what was happening in Sri Lanka. This Govt. at its level best, was trying to eliminate the opposition parties and trade unions by under hand methods. This could not be allowed.

That was why he wanted all voters to get-together irrespective of party differences to eliminate the present rulers.

The only party that has come forward with a good plan for the well being of the people was the JVP. So far the people had elected eight Govts. that 'ate' this country. Why won't the masses elect a JVP Govt. this time to develop the country he questioned.

Mr. Wijeweera said that only under a true democracy that a country could be developed. The JVP had instilled a belief in their own class among the oppressed class. No law could kill this belief. All humans were born as equals. But

under the present rule while the majority were down trodden, a handful died after a privileged life. If the humans were born as equals they should die as equals. The JVP's aim was to restore this equality. Therefore he requested the masses to give one chance to his party to show how to conduct a Govt.

Messers Udeni Saman Kumara, Mohamed Ayub, Vijitha Ranaweera President Hambantota JVP District Organisation, Wickremapala Herat, DDC Member Badulla, Yasapala Gange, DDC Member Badulla, and Gunapala Halpagoda JVP Organiser Badulla also spoke.

CSO: 4220/210

# BANDARANAIKE SCORES GOVERNMENT WASTE

Colombo THE ISLAND in English 30 Jun 82 p 3

## [Text]

The Bandaranaike family had no skeletons in the cupboard because her husband or she had not taken to politics to earn money or do business. She had not invested money in any business, Mrs. Sirima Bandaranaike said when she addressed a mass meeting of the SLFP (S) at Divulapitiya.

Mrs. Bandaranaike said that she was a founder member of the SLFP from 1951 when the party had been formed by the late Mr. S. W. R. D. Bandaranaike but Mr. Maitripala Senanayake joined the party much later.

In July 1960 she gave the leadership to the SLFP and won the elections on the request of Mr. Maitripala Senanayake and Mr. C. P. de Silva.

She asked Mr. Senanayake why he or Mr. T. B. Ilangaratne could not give that leadership to the SLFP then. People were prepared to accept only her as leader that was why they had to come to her.

Mrs. Bandaranaike explaining the wastage of money, material and country's resources said that the Prime Minister was celebrating his birthday, and there was a "Gam Udawa" exhibition to coincide with his birthday. This exhibition was costing millions of rupees. Various structures and other buildings had been constructed with people's money and those would be dismantled in a few days which would be an utter wastage.

Mr. Anura Bandaranaike said that their party had now become the

strongest party in the country even without MR. Maitripala Senanayake and that was why President J. R. Jayewardene was so scared of Mrs. Badaranaike.

He said that if 51 percent of the voters had voted for the UNP at the last general elections as the President had stated them the other 49 per cent had voted against the UNP. If the UNP was to be defeated they had to get only 2 per cent more and that would be the easiest thing at the next elections.

A person like Mr. Premadasa was able to become the Prime Minister because of the policies implemented by the late Mr. S. W. R. D. Bandaranaike in 1956.

Mr. Lakshman Jayakody MP for Attanagalle presided at the meeting. Mr. Stanley Tillekeratne and several others also spoke.

## EDITORIAL WARNS AGAINST SUBVERSIVES

Colombo DAILY NEWS in English 1 Jul 82 p 4

[Text] The discovery of some Lankans in what are believed to be guerilla training camps in certain parts of Lebanon's now besieged areas has naturally led to a variety of conjectures on our own soil.

As early as 1971, our own Security Intelligence Division alerted the nation to the danger of local groups aligning themselves with foreign organisations.

There are, of course, plain mercenaries or soldiers of fortune in most parts of the world, ready to do a spot of killing around South Africa or elsewhere, for payment. There are several organisations bearing exotic labels and certainly the marxist - led companies, too.

Indeed, in a world in which big nations prefer to fight their battles by proxy, the danger of factions from smaller countries selling themselves for such services becomes all the more serious. Especially so, when more than one party can get in on the act of collecting blood money and secret weapons.

It is known beyond doubt, for example, that at a famous international confab held in Sri Lanka some years ago, lavish gifts changed hands. They were not all presented in the style of diplomatic courtesy or as marks of goodwill. Some of them went to very private hands.

A government which, at the time, was hounding hospital watchers and office orderlies on charges of bribery chose not to take notice of this high - scale oil palming.

Where are the recipients of those gifts then today, gifts of sophisticated wrist - watches and a variety of other goodies?

How come that men who, before that time, were in dire straits suddenly blossomed like oil - rich sheikhs?

The truth is, some of those who struck up various deals with foreign elements could be in business to this hour. What is more, it would be a piece of supreme folly to think that those who forged those links were all tigers from Jaffna.

The insurgency of 1971, it must be remembered, was not any display of tiger dancing. It drew its inspiration from other quarters.

Some of its agents could be in disguise today. It is but wise, then, to keep a check on elements that have grown rich out of dubious transactions.

They must not be allowed to indulge in any intrigue against the people of this land, its sovereignty or its lawfully constituted government. The latter must be on their guard against eavesdropping double agents, against those commissioned to erect listening posts within the ranks of the UNP.

Time and again have we seen this country falling a prey to the snares of flattery and neophytic loyalties. Better the open enemy than the hidden beast of prey. The latter, like the leopard, rarely changes his spots.

It is from such that the dignity and security of the community must be preserved: from their low cunning and treachery.

JAPANESE GIVE GRANT FOR HOSPITAL CONSTRUCTION

Colombo DAILY NEWS in English 1 Jul 82 p 3

[Text]

Notes were exchanged recently at the Ministry of Finance and Planning between the Governments of Japan and Sri Lanka providing for a grant of Yen 3500 million (approximately US \$ 14 million or Rs. 288.1 million).

This amount represents the second instalment of an outright grant of Yen 8200 million (approximately US \$ 32.7 million or Rs. 677.3 million) being extended by the Government of Japan over a period of three years for the construction of the Sri Jayawardhanapura General Hospital.

The proceeds of this grant will be used by the Government of Sri Lanka to obtain products and services necessary for the

construction of the hospital, which include wards, a central diagnostic building, an out-patient building supplementary facilities and for the purchase of equipment necessary for the hospital inclusive of installation services.

The grant is being extended by the Government of Japan in appreciation of the President's visit to Japan in 1979.

Mr. Yoshiyuki Motomuru Charge d'Affaires Embassy of Japan, signed the Exchange of notes on behalf of the Government of Japan and Dr. W. M. Tilakaratna, Secretary to the Minister of Finance and Planning on behalf of the Government of Sri Lanka.

CSO: 4220/210



# MINORITIES URGED TO SUPPORT SLFP

Colombo THE ISLAND in English 22 Jun 82 p 2

[Article by Cyril Wimalasurendre]

[Text]

Ever since the Jayewardene government took over the reigns the people in the North have lived in fear and suspicion. The cultivators in particular in the North were deprived of their regular income from agricultural products said Mr. Anuruddha Ratwatte, MMC, Kandy, at a recent meeting in Kandy.

Giving pride of place to the minorities did not mean that one or two individuals who were in the Cabinet should make a better living, he observed.

Mr. Ratwatte, was addressing a meeting of residents of Katukelle and Mulgampola in Kandy. The meeting was held to form a committee to assist the SLFP Organiser for Kandy, Mr. H. D. P. Fernando, MMC.

Mr. Ratwatte said that the minority groups of the country were deceived by the present government. The Muslims, if they could recollect the past would no doubt admit that immense services were rendered to them by the SLFP government. The Tamils have already realised these facts.

The UNP pretended they were the saviours of the Tamils, but the

unfortunate happenings in the north showed the difference between their word and deed.

He said that the Jayawardene government failed to safeguard the interests of the minorities and save them from social and economic perils.

A handful of Muslims and Tamils who were able to collect more wealth while the Muslims and Tamils who were under-privileged were reduced to nothing.

The UNP deceived both the majority race and the minorities as well, he claimed.

"The Tamils and Muslims were anxiously waiting for the general elections to join hands with the Sinhala people to oust the Jayewardene government".

Mr. Ratwatte, explaining the present position of the SLFP said that there were no groups in the SLFP and that there was only one SLFP with Mrs. Sirimavo Bandaranaike as leader.

Messrs. H. D. P. Fernando, MMC, S. Ranasinghe, former MMC, Al-Haj N. M. A. Atheek, Daniel Pinto, David Perera and W. M. Weerakoon also addressed the meeting. A committee was elected to assist Mr. Fernando.

# IRAN RAISES CRUDE OIL PRICE TO SRI LANKA

Colombo THE ISLAND in English 1 Jul 82 p 1

[Article by Ranjan Joseph]

[Text] Iran has upped its cost of crude oil exports to the Ceylon Petroleum Corporation by one U.S. Dollar with effect from today.

The announcement was made five days ago by Iran that a barrel of crude oil which cost U. S. Dollars 30.55 would from 1st July cost the Ceylon Petroleum Corporation U.S. Dollars 31.55

The sudden upward revision of crude oil costs has in effect meant that a further amount of Rs. 100 million would have to be found by the C.P.C. to import the balance quantity of crude oil from Iran for the current year.

Corporation sources indicated to "The Island" that crude-oil is imported from Iran on a regular basis monthly and as such it could be estimated that half of the country's crude oil requirements had yet to be imported.

Iran supplies fifty per cent of the country's crude oil, the balance being shared between Saudi Arabia and Malaysia.

"The Island" reliably learns that the government has been already presented with an analysis of the Iran cost hike on crude oil to Sri Lanka.

Although no decision has yet been reached on steps that the government would take in view of the recent price revision, political sources said that there would be government reluctance to increase the price of petroleum products

immediately. These sources added that it appeared more likely that the total annual subsidy around Rs. 150 million that the Ceylon Petroleum Corporation is at present paying to the Ceylon Government Railway

and the Transport Boards would be lifted.

Analysing the effect of the Iran crude oil cost increase, government has been told that as a result of the Petroleum Corporation being called upon to search for another Rs. 100 million, the Rs. 40 million profitability that the Corporation expected to make this year had swung the pendulum of costs towards a loss for 1982.

It has been pointed out that there are possibilities for Iran to further increase its price on a barrel of crude oil again towards the end of the year.

It has been explained to government that calculations of the Petroleum Corporation, furthermore, for the year had been based on the exchange rate not exceeding Rs. 21 per U.S. Dollar. But it would appear now that the exchange rate will reach Rs. 21 very shortly as there was sudden spurt of fifteen cents (Rs. 20.70 to Rs. 20.85) within the past two weeks. For every increases of the exchange rate by one rupee, the impact on the budget of the Petroleum Corporation is expected to be about Rs. 350 million, it has been pointed out.

CSO: 4220/210

## BRIEFS

PRESIDENT ON TRADE UNIONS--Trade Unions should not take advantage of their freedom to disrupt work in the public sector, President J. R. Jayewardene said yesterday addressing the Annual General Meeting of the Jatika Sevaka Sangamaya Branch of the Postal and Telecommunication Department held at the Ramakrishna Hall, Wellawatte. The President made the point that while trade unions engaged themselves in their activities, they however, had no right to topple a government. The government was answerable not to trade unions but to the people of this country, he went on. Mr. Jayewardene warned that the same principle of workers going on strike being considered as having vacated their posts as had happened in the recent past would be applied in a future event of a strike as well. This was because any work stoppage affected the people the President said. Minister of Posts Mr. D. B. Wijetunge said that a memorandum seeking increased wages for employees of the Postal and Telecommunication Department had been submitted to the Cabinet which he expected to be favourably considered. [Text] [Colombo THE ISLAND in English 22 Jul 82 p 3]

JVP RECOGNIZED AS POLITICAL PARTY--The Commissioner of Elections yesterday recognized three new political parties. They are the Nawasamasamaja Party, Janata Vimukthi Peramuna, political wing of the Democratic workers' congress. [Text] [Colombo THE ISLAND in English 1 Jul 82 p 1]

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END